

Calendar No. 1319

86TH CONGRESS }  
2d Session }

SENATE

{ REPORT  
{ No. 1286

THE MUTUAL SECURITY ACT OF 1960

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REPORT  
OF THE  
COMMITTEE ON FOREIGN RELATIONS  
UNITED STATES SENATE  
ON  
S. 3058



APRIL 22, 1960.—Ordered to be printed  
Filed under authority of the order of the Senate of April 20, 1960

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### THE MUTUAL SECURITY ACT OF 1960

APRIL 22, 1960.—Ordered to be printed  
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Mr. FULBRIGHT, from the Committee on Foreign Relations,  
submitted the following

### REPORT

[To accompany S. 3058]

The Committee on Foreign Relations, having had under consideration the bill (S. 3058), to amend further the Mutual Security Act of 1954, as amended, and for other purposes, reports it favorably with an amendment in the nature of a substitute and recommends that it be passed by the Senate:

#### 1. MAIN PURPOSE OF THE BILL

The main purpose of the bill is to authorize appropriations for those portions of the mutual security program which remain on an annual basis. These are principally defense support, technical cooperation, special assistance, and the President's contingency fund. For these and a number of smaller programs, the bill authorizes total appropriations for fiscal year 1961 of not to exceed \$1,425,500,000.

## 2. WHAT THE BILL PROVIDES

The bill authorizes the following appropriations, as compared with the administration request and the action of the House:

	Administration request	House bill	Senate committee bill
Defense support.....	\$724,000,000	\$675,000,000	\$700,000,000
Bilateral technical cooperation.....	172,000,000	172,000,000	172,000,000
U.N. technical cooperation.....	33,000,000	33,000,000	33,000,000
OAS technical cooperation.....	1,500,000	1,500,000	1,500,000
Special assistance.....	268,500,000	255,000,000	260,000,000
U.N. High Commissioner for Refugees.....	1,500,000	1,500,000	1,100,000
Escapees.....	3,500,000	3,500,000	3,500,000
U.N. Children's Fund.....	12,000,000	12,000,000	12,000,000
Palestine refugees.....	18,500,000	18,500,000	122,000,000
Ocean freight.....	2,000,000	2,000,000	2,000,000
IOA administration.....	40,000,000	40,000,000	40,000,000
Atoms for peace.....	3,400,000	3,400,000	3,400,000
Contingency fund.....	175,000,000	100,000,000	175,000,000
Total.....	1,454,900,000	1,318,400,000	1,425,500,000

<sup>1</sup> Unobligated funds of approximately \$6,500,000 which the administration and House bills would have made available for use in 1961 are to revert to the Treasury.

In addition, the bill contains these major provisions:

1. Military assistance, other than training, for Latin America is limited to \$55 million, a ceiling \$2 million below the program proposed by the administration (sec. 101(a)).

2. Recognition is given to the importance of free economic institutions and the stimulation of private investment in housing in rapidly developing countries, and the sense of Congress is expressed that the Development Loan Fund should assist savings and loan type institutions and guarantee private U.S. capital available for housing investments in Latin America (sec. 202).

3. The President is directed to arrange for a study of the advisability of establishing a Point 4 Youth Corps (sec. 203(c)).

4. Not less than \$175 million of the 1961 funds, other than for the DLF, are earmarked for the export of surplus agricultural commodities (sec. 204(e)).

5. Authority is provided to use funds for the Indus Basin development, under the supervision of the International Bank for Reconstruction and Development in accordance with the Bank's standards and procedures rather than those provided by the Mutual Security Act or other U.S. laws (sec. 204(e)).

6. The provision earmarking 10 percent of Palestine refugee funds for repatriation or resettlement is repealed. After January 1, 1961, U.S. contributions to the U.N. Relief and Works Agency cannot be used for programs of relief which heretofore have been administered on the basis of ration cards except for refugees whose need and eligibility for relief has been certified after July 1, 1960. The President is directed to send to Congress next year specific recommendations for the progressive repatriation and resettlement of refugees and for reducing U.S. contributions to UNRWA (sec. 204(h)).

7. Authority is provided, subject to the later approval of Congress, to participate to a limited extent in an internationally financed program to preserve the great cultural monuments which would otherwise be flooded in upper Nile Basin as a result of construction of the Aswan Dam (sec. 401(a)).

8. Authority is given to chiefs of diplomatic missions to govern the extent to which employees of the Government and of Government contractors shall receive their pay and allowances abroad in local currencies (sec. 401(e)).

9. Title II of the Agricultural Trade Development and Assistance Act (Public Law 480) is amended so as to authorize grants of surplus agricultural commodities for economic development as well as for relief (sec. 601(b)).

10. The ceiling of \$3 million on U.S. annual contributions to the United Nations Food and Agriculture Organization is repealed (sec. 603), and the ceiling of \$75,000 on contributions to the South Pacific Commission is increased to \$100,000 (sec. 604).

11. The President is directed to have a study made of the functions and coordination of agencies engaged in foreign economic activities "with a view to simplifying and rationalizing the formulation and implementation of United States foreign economic policies" (sec. 606).

12. Authority is provided for matching grants of not more than \$1 million a year in the aggregate to colleges and universities to aid programs of counseling, orientation, and English language training for foreign students (sec. 605).

### 3. BACKGROUND AND COMMITTEE ACTION

The President requested this legislation in a message to Congress February 16 (H. Doc. 343), and a bill (S. 3058) incorporating the President's proposals was introduced by Senator Fulbright by request February 18. The Committee on Foreign Relations held hearings from March 22 to April 5 in the course of which it received the views of the Secretary of State and other officials charged with the policy-making and administrative aspects of the program as well as the views of 19 private citizens and one Senator who requested to be heard.

The committee considered the bill and all amendments which had been introduced in executive session beginning April 6 and on April 20 voted to report it favorably to the Senate as amended.

Because of the action of the Congress last year in authorizing military assistance and Development Loan Fund appropriations on a multiyear basis, S. 3058 is more restricted in scope than has been the case with mutual security bills in prior years. Except for special authority regarding use of funds for development of the Indus Basin in south Asia, and a new policy statement favoring loans and guarantees for housing, the bill contains little that is new.

The illustrative program presented by the administration reflects a greater concentration of effort in nonmilitary assistance for countries, specifically, India, Pakistan, and Taiwan, where conditions are particularly favorable for a burst of economic growth. The concentration of effort is directly related to demonstrated practice or clear current intention of aided countries progressively to devote their own resources to development and to move toward the most effective economic and social policies.

The policy involved here is welcome. It is, in essence, a policy of exerting the greatest effort at the points where the greatest results may be expected. It indicates greater maturity and sophistication in the approach to foreign aid and represents at least some shift away from the scattershot approach which has been at the root of many criticisms of the program.

The committee calls attention, however, to the fact that several other countries, notably in Latin America, are in the same position as India, Pakistan, and Taiwan in that additional increments of capital would lead to a great deal more development. The committee hopes that the shift in emphasis to countries with better prospects for growth will not be confined to Asia and that the lending institutions of the U.S. Government, as well as of international agencies, will give particular attention to the needs of those Latin American countries which are likewise ready for the economic takeoff.

The administration's illustrative program this year also includes a special assistance fund of \$20 million for sub-Saharan Africa, an area urgently demanding the higher priority thus accorded it. The economic problems here are totally different from those in, say, India, and any significant economic development must be preceded by a long period of improvement in education and health. As the committee understands it, this is also the view of the administration and the purpose of the programs proposed for Africa. Although included under the special assistance category of aid, this fund will be used mainly for particularly intensive assistance of a technical cooperation type.

The committee continues to be impressed with the fact that there is no reasonable alternative to the mutual security program as an instrument of U.S. foreign policy. The only alternative presented by any of the witnesses at the committee's hearings was higher defense spending at home. The committee does not comment here on the adequacy of the administration's defense budget; but whatever the needs of our national defense may be, meeting those needs will do nothing to promote our political and economic interests in Asia, Africa, and Latin America. A stronger Strategic Air Command will not deter or inhibit Communist subversion; nor would it provide any effective defense against the failure of the efforts of the peoples of Asia, Africa, and Latin America to establish reasonably free and viable economies and political systems. Over the long run, the accomplishment of these purposes is equally as essential to the United States as is the deterrence of Soviet military aggression, and it is to this end that the mutual security program is directed.

In assessing this program, one is struck with a paradox. It has been supported strongly since its inception by every President, every Secretary of State, every Secretary of Defense, every Chairman of the Joint Chiefs of Staff, and every Congress. It has likewise been endorsed by most of the private citizens groups that have thoroughly studied it, by countless advisory committees, and by most of the major private business, labor, farm, and other civic groups. Indeed, there is an impressive body of thoughtful reports which calls for an even larger program. All of this would seem to indicate overwhelming public support; yet there is unmistakable evidence that the program is misunderstood and disliked by large numbers of the American people.

A part of the explanation for this paradox undoubtedly lies in faulty administration of the program. Over the years, criticism has been based increasingly on mistakes in administration rather than on the fundamental policy issues involved. Given the circumstances in which the program has been developed and carried out, it is not surprising that such mistakes have been made. In the beginning, there

was no body of national experience on which to draw, no corps of well-trained personnel ready at hand. Except for a handful of missionaries and businessmen, the American people as a whole were rank amateurs at this business as recently as 12 years ago. This is the kind of gap which cannot be closed in a decade, or perhaps even in a generation.

Further, the task involved here is perhaps the most difficult administrative job of our times. Since the end of the Marshall plan when the emphasis shifted to underdeveloped areas, we have been engaged in what is essentially an effort to build institutions in alien cultures, many of which are set in difficult physical environments. Large sums of money and a sense of urgency have increased the probability of mistakes, and it should not be a cause for wonder that mistakes have in fact been made. So far, however, we have managed to summon the requisite combination of faith and persistence to avoid making the worst mistake of all, which would be to quit trying.

And progress has been made. There is evidence, as cited, of a more mature, sophisticated approach on the part of the administration. We have learned from our mistakes, albeit perhaps not as rapidly as would be desirable.

The committee is increasingly convinced that the key to a mutual security program which will be effective abroad as well as popularly supported at home lies in the caliber and skills of the people who administer it, at home and especially abroad. There has been marked improvement in this area, but more remains to be done. It is particularly important that the agencies concerned give more attention to their long-term personnel needs and especially to the proper training and orientation of personnel—and their wives—destined for foreign service.

In the meantime, nothing is to be gained, and a great deal is to be lost, by abandoning or emasculating the enterprise.

#### 4. MILITARY ASSISTANCE (CH. I)

This chapter places a ceiling of \$55 million a year, beginning in fiscal year 1961, on the value of programs of military equipment and materials for Latin America. It replaces a ceiling in the current law, which applied to fiscal year 1960 only, and which set a limit equal to the level of fiscal year 1959 obligations and reservations. Because different things are included in the present and proposed ceilings, the two are not comparable. The ceiling proposed by the committee, however, will result in a reduction of \$2 million from the amount of equipment and materials proposed for Latin America in the administration's illustrative program.

The committee would have been disposed to make an even larger reduction except for the fact that \$45 million of the total is accounted for by programs in two countries to carry out prior commitments. The committee continues to be concerned over armaments in Latin America and hopes that progress can be made in the coming year toward a regional arms limitation agreement, as proposed by the Presidents of Chile and Peru.

The \$55 million ceiling in the bill includes equipment and materials, whether new or excess and whether furnished on a grant or credit basis with military assistance funds. It does not include military



training or sales financed with service appropriations. The committee felt that such sales should be treated separately from grants or credits and that some flexibility should be left with the administration. It hopes, however, that the administration will use this flexibility with restraint and discretion and that cash sales anywhere in the area will be carefully scrutinized. It particularly approves the policy of no sales in the Caribbean, and it hopes that forceful representations can be made to our European allies to support this policy.

In exempting military training from the ceiling, the committee was motivated by the feeling that such training has useful political as well as military results. Particularly for junior and middle grade officers, a course in one of the U.S. service schools provides a beneficial exposure to American institutions and results in better understanding of American attitudes and policies.

The committee reiterates its view that the military assistance program to Latin America, including training, should be carried out so far as possible with emphasis on the performance of economically useful civil functions by the military. Section 105(b)(5) of the Mutual Security Act provides that "to the extent feasible and consistent with the other purposes of this chapter [i.e., military assistance], administrators of the military assistance program shall encourage the use of foreign military forces in underdeveloped countries in the construction of public works and other activities helpful to economic development." This implies training in engineering and assistance for military engineering units. Something has already been done along this line, and the committee hopes that more progress can be made, not only in Latin America but also in other less developed countries. The kind of work involved is primarily construction of such things as roads, harbors, bridges, and airfields roughly similar to some of the things done by the Army Corps of Engineers in the United States.

##### 5. DEFENSE SUPPORT (SEC. 201(a))

The bill authorizes appropriations of not to exceed \$700 million for defense support for fiscal 1961, compared to \$724 million in the administration request. For fiscal 1960, \$751 million was authorized and \$695 million appropriated. This appropriation is supporting a 1960 program of \$765.7 million, the difference being accounted for by drawing upon other available funds. The program proposed by the committee for 1961, therefore, represents a reduction of \$65.7 million from the 1960 program.

Defense support programs are planned for 12 countries in 1961—Spain, Greece, Iran, Pakistan, Turkey, Cambodia, China (Taiwan), Korea, Laos, the Philippines, Thailand, and Vietnam. Each of these countries also receives military assistance. In eight of them, the administration proposed reductions in defense support for 1961; in three of them, increases; and in one, the same level.

All of these countries have received defense support in the past, and the reasons which make a continuation of the program necessary in 1961 are essentially the same reasons that have made the program necessary in the past. Spain is the site of important U.S. air and naval bases. Greece and Turkey are two of the poorest and most strategically located of the NATO countries. Iran is at the center of the Central Treaty Organization, subject to constant harassment

from the Soviet Union, and quite incapable of making, unaided, the economic and military effort deemed necessary to preserve its independence. Pakistan is a member of both CENTO and SEATO. Its relations with India have undergone marked improvement, particularly as regards the Indus Basin dispute, and the time seems ripe to make an extra effort to push the country across the threshold of economic growth. Cambodia is the scene of active competition between American and other free world aid programs on the one hand, and Soviet and Chinese Communist programs on the other. Taiwan lives under the constant threat of Chinese Communist aggression, but has nonetheless made quite remarkable economic progress and the signs are propitious that an extra effort here would pay more than proportional dividends. Korea remains a troubled divided land, living under a tenuous armistice. Laos has a long common border with Communist China and North Vietnam and severe internal security problems which are at all manageable only because of outside assistance. The Philippines is a member of SEATO and the site of important U.S. bases. Thailand is likewise a key member of SEATO and an important stabilizing influence in southeast Asia. Vietnam remains divided and struggling to attain viability.

In each of these countries, there is the common characteristic that the withdrawal of American assistance would have far-reaching adverse economic and political consequences.

In the illustrative program of \$724 million submitted by the administration, \$61.2 million was proposed for carrying out specific projects, \$637.8 million for financing the import of commodities, and \$25 million for cash transactions. Half the project assistance was for the fields of transportation and industry and mining. The nonproject assistance was to finance the import of \$273.6 million worth of raw materials and fuels, \$161 million of machinery and equipment, \$141.3 million of agricultural commodities, and \$62 million of other goods. These figures will have to be adjusted to reflect congressional action.

As reflected in the hearings (pp. 328-329, 331, and 336-337), the committee was gravely concerned over the situation in Korea prior to the most recent and serious outbreak of rioting. Although, as stated, the committee sees no presently acceptable alternative to continuing the aid program in Korea, the recent events in that country raise a question, which is of wider application, as to the long-term effectiveness of an aid program conducted in the absence of an atmosphere of expanding basic freedoms.

In regard to the aid program itself in Korea, the committee is somewhat disturbed by the fact that it continues to be administered in accordance with procedures which were in effect during the Korean war and which differ from those applying to other defense support programs. This is done under the provisions of section 131(d) of the Mutual Security Act which authorizes defense support to Korea without regard to certain statutory requirements applicable elsewhere. This authority has been used principally to make special arrangements regarding Korean counterpart funds and to use defense support funds to finance ocean freight costs for voluntary agency relief shipments to Korea.

It seems to the committee that the special circumstances justifying these procedures no longer exist and the committee has been gratified to note that the administration has already begun negotiations

toward revising the counterpart arrangements and other procedures in Korea to conform with the normal statutory requirements. It expects that this will have been done by next year, at which time consideration should be given to repealing section 131(d).

6. CONDITIONS OF MILITARY ASSISTANCE AND DEFENSE SUPPORT  
(SEC. 201(b) AND (c))

These subsections amend sections 141 and 142(a) of the act so as to exempt military training from the conditions applicable to other types of military assistance and to defense support.

These conditions, which are spelled out in sections 141 and 142, include, among others, that the recipient country agree to—

make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world—

and to—

take all reasonable measures which may be needed to develop its defense capacities.

There are some countries which are reluctant to agree to these, as well as to some of the other points required, and which do not want military equipment assistance from the United States but which would like to send some of their military officers to the United States or the Canal Zone for training. Inasmuch as training is the only assistance involved in these cases, it seems to the committee unreasonable to require the same type of agreement as is required for military equipment or for defense support. Indeed, it seems to the committee in our national interest to encourage the training of limited numbers of officers from these countries in the United States.

The amendments to the law proposed here will make the conditions applicable only to defense support, military equipment, and materials, thereby making training possible without the same kind of formal agreement that is now required.

7. DEVELOPMENT LOAN FUND (SEC. 202)

This section makes a series of amendments regarding the Development Loan Fund, the net effect of which is to give more emphasis to use of the Fund to stimulate free economic institutions and to aid agriculture and housing.

These amendments are a result of a feeling on the part of the committee that the purposes of the Development Loan Fund have been too narrowly construed and that the Fund has limited itself too severely to projects which would directly contribute to the development of economic resources or to the increase of productive capacities. This interpretation tends to ignore one of the biggest needs of underdeveloped countries—namely, the lack of the kinds of economic institutions which have played such an important role in the growth of the United States. Examples are savings and loan associations, stock exchanges, and agricultural cooperatives.

In order to emphasize this point, two of the amendments made by section 202 of the bill insert the phrase "free economic institutions" at appropriate places in the act's description of the DLF's purposes and the criteria for DLF loans. The DLF's purposes, in section 201 of the act, are amended to include assistance for the efforts of free peoples to develop "free economic institutions" as well as to develop "their economic resources." The criteria which the Fund is directed to take into account in its operations (sec. 202(b) of the act) are broadened to include whether the activity gives reasonable promise of contributing to the development of "free economic institutions" as well as to whether it gives reasonable promise of contributing to the development of "economic resources or to the increase of productive capacities."

The Fund's purposes are also amended in two other respects. First, it is made clear that these purposes embrace agricultural as well as industrial development. Although the law as it now stands obviously encompasses agriculture as well as industry, the context, especially when taken in conjunction with the criteria for DLF loans in section 202(b), affords a basis for the argument that the congressional intent is primarily directed toward industry. The amendment is designed to bring about a more balanced approach as between agriculture and industry.

As a matter of fact, capital, both public and private, is much more readily available for industrial than for agricultural projects. This has resulted in a relative neglect of the agricultural sector. The DLF is an appropriate institution to overcome this neglect and give agriculture the attention it deserves.

Maldistribution and misuse of land and the desire for land reform are almost universal characteristics of underdeveloped countries. History provides many unhappy examples, some of them recent and nearby, of the chaotic channels into which this legitimate desire can turn when it is frustrated for too long. There are therefore compelling political, as well as economic and social, reasons for the United States to do what it can to help bring about needed rural reforms while there is yet time to forestall development of such situations. Fortunately, there are many governments throughout the world, including several in Latin America, which are responsive to the demand for land reform and which are taking steps to meet it in a fair and responsible way. These governments need all the help they can get, and it is in our national interest to help them to the extent feasible.

Second, a new statement is added recognizing the importance of—

the development of free economic institutions and the stimulation of private investment, local as well as foreign, in the field of housing—

in rapidly developing countries. The statement also expresses the sense of Congress that—

consistent with the other purposes of this title [i.e., the Development Loan Fund], special consideration should be given to loans and guarantees to stimulate activities in this field.

This amendment is related to a new section 207 which the bill adds to the act and which relates to housing projects in Latin American countries. This new section expresses the sense of Congress that the

DLF should assist in the development in Latin America "of self-liquidating pilot housing projects designed to provide experience in countries at various stages of economic development by participating with such countries in (1) providing capital for the establishment of, or for assistance in the establishment of, savings and loan type institutions in such countries; and (2) guaranteeing private U.S. capital available for investment in Latin American countries" for these purposes. The purposes are to stimulate private homeownership, encourage the development of free financial institutions, and assist in the development of a stable economy.

In considering these amendments, the committee noted that they add no new authority to the DLF. The committee also took note of fears that the amendments could lead to vast new programs with no end in sight. In this connection, it should be pointed out that the amendment to the statement of purposes of DLF refers to "rapidly developing" and not to "underdeveloped" countries. The problem which the committee is attempting to reach does not occur in acute form in extremely primitive or underdeveloped countries, which are primarily agricultural in nature. It occurs, rather, in a country which has reached a certain level of development characterized by rapid industrialization and urbanization with attendant overcrowding of cities and shortages of social infrastructure—housing, health facilities, schools, etc.

It should also be pointed out that the new section on housing projects in Latin American countries refers to "self-liquidating pilot housing projects." After experience has been gained in a limited number of pilot projects, the scope and duration of the program can then be determined. Two types of projects are contemplated by this section. One would be a loan of seed capital to help establish savings and loan institutions. Another would be the use of the DLF's guarantee authority to guarantee loans made by private U.S. institutions to Latin American government agencies which in turn would reloan the money for housing mortgages in a program roughly analogous to the Federal Housing Administration's mortgage-insurance activities in the United States. In making loans and guarantees for housing projects, the DLF should take all appropriate steps to see to it that the money is reloaned at reasonable rates of interest and that the sales prices of the housing involved are sufficiently low to be within reach of at least the middle or lower middle class.

It is anticipated that both dollars and foreign currencies could appropriately be used for the purposes envisaged in these amendments. Aside from the DLF's own resources, some foreign currencies are available under title I of Public Law 480.

Finally, section 202 of the bill makes a technical amendment to section 205(a) of the Mutual Security Act of 1954, as amended. That section of the act, which deals with the management, powers, and authorities of the Development Loan Fund, makes the Under Secretary of State for Economic Affairs Chairman of the Fund's Board of Directors.

Last year, however, Congress reorganized the top management of the State Department so as to provide that, instead of an Under Secretary and an Under Secretary for Economic Affairs, there would be an Under Secretary and an additional office to be entitled as desig-

nated by the President, either Under Secretary for Political Affairs or Under Secretary for Economic Affairs. This additional office has been designated as Under Secretary for Political Affairs, so that the office of Under Secretary for Economic Affairs does not now exist. Further Public Law 86-117, approved July 30, 1959, provided that—

any \* \* \* law vesting authority in the "Under Secretary of State for Economic Affairs," or any other reference with respect thereto, is hereby amended to vest such authority in the Secretary of State.

The amendment made by the bill is thus consequent upon prior action of Congress, and provides that the Secretary of State, rather than the Under Secretary for Economic Affairs, shall be Chairman of the DLF's Board of Directors. This is a change of form rather than substance, because the Secretary has designated the Under Secretary to serve as Chairman of the DLF Board.

One further comment should be made about DLF's lending policies. Although the committee is not recommending any change in the law, the committee suggests that consideration be given by DLF to making greater use of its authority to make loans to meet the local currency costs of projects the dollar costs of which are financed by the Export-Import Bank, the International Bank for Reconstruction and Development, or some other institution. The IBRD will not cover local costs and the Export-Import Bank is reluctant—properly so, in the committee's opinion—to do so. The considerations which motivate the IBRD and the Export-Import Bank in this connection do not apply to the DLF, which has always been conceived as a supplementary source of capital. The covering of local currency costs is a proper exercise of this supplementary role.

# 8. TECHNICAL COOPERATION (SEC. 203)

## A. BILATERAL PROGRAMS (SEC. 203(A))

This section authorizes appropriation of not to exceed \$172 million for bilateral technical cooperation programs in fiscal 1961. For fiscal 1960, \$179.5 million was authorized and \$150 million appropriated.

The illustrative program for 1961 shows the following breakdown by countries:

[Thousands of dollars]

Europe:		Far East:	
Spain.....	1, 000	Cambodia.....	2, 700
Yugoslavia.....	3, 000	China (Taiwan).....	2, 400
Africa:		Indonesia.....	7, 500
Ethiopia.....	5, 000	Japan.....	1, 300
Ghana.....	1, 200	Korea.....	7, 500
Guinea.....	1, 000	Laos.....	1, 800
Liberia.....	2, 600	Philippines.....	3, 000
Libya.....	2, 500	Thailand.....	4, 300
Morocco.....	1, 000	Vietnam.....	4, 800
Nigeria.....	2, 100	Regional and undistributed.....	700
Somalia.....	1, 300	Latin America:	
Sudan.....	3, 300	Argentina.....	1, 130
Tunisia.....	2, 200	Bolivia.....	2, 550
Central and East Africa.....	855	Brazil.....	7, 500
Other West Africa.....	1, 200	British Guiana.....	430
Regional and undistributed.....	45	British Honduras.....	150
Near East and South Asia:		Chile.....	2, 895
Afghanistan.....	4, 500	Colombia.....	2, 100
Ceylon.....	1, 700	Costa Rica.....	1, 290
Greece.....	650	Cuba.....	350
India.....	8, 900	Dominican Republic.....	280
Iran.....	5, 400	Ecuador.....	2, 300
Iraq.....	1, 000	El Salvador.....	1, 200
Israel.....	1, 100	Guatemala.....	2, 300
Jordan.....	1, 750	Haiti.....	2, 745
Lebanon.....	800	Honduras.....	1, 550
Nepal.....	1, 700	Mexico.....	720
Pakistan.....	7, 000	Nicaragua.....	800
Turkey.....	4, 400	Panama.....	1, 610
United Arab Republic.....	1, 800	Paraguay.....	1, 800
Central Treaty Organiza- tion.....	400	Peru.....	2, 800
Regional and undistributed.....	3, 600	Surinam.....	415
		West Indies and eastern Caribbean.....	1, 335
		Regional and undistributed.....	1, 250

In addition, interregional expenses are expected to amount to \$23.5 million.

This program will provide for approximately 4,700 U.S. technicians and 9,900 foreign trainees. Greatest emphasis, as in past years, will be placed on projects in agriculture and education, but projects will also be carried out in industry and mining, public administration, health and sanitation, transportation, labor, community development, social welfare, housing, and other fields.

The committee is persuaded that over the long term technical cooperation is one of the most effective foreign programs the United States has undertaken. Since it was put on a worldwide basis in the Act for International Development in 1950, the program has shown a steady, and on the whole sound, growth. The authorization recommended for 1961 will permit a continuation of this growth.

## B. UNITED NATIONS (SEC. 203(b)(1))

This section authorizes contributions of \$33 million to the United Nations expanded program of technical assistance and the related U.N. special fund in fiscal 1961. For the current year, \$30 million was authorized and appropriated. The contribution is made subject to the limitation in existing law that it cannot exceed 40 percent of the total.

The U.N. technical assistance program was instituted in 1950 and has grown from a level of \$20 million, of which the United States contributed 60 percent, to a current level of \$36 million, of which the United States contributes 40 percent.

The special fund was established in 1958 as a result of U.S. initiative during the 1957 session of the General Assembly. It is designed to complement the technical assistance program by providing basic surveys, research, and training. In calendar 1959, its first full year of operation, the fund received contributions of \$25.8 million. Contributions of \$38.8 million are anticipated for 1960. The United States contributes 40 percent.

It is hoped that the two programs together will reach a level of \$100 million a year in the not-too-distant future. The combined programs in 1960 are estimated at \$75 million, and in 1961 at \$82.5 million, of which the United States will contribute \$33 million and other governments \$49.5 million.

U.N. technical assistance and related activities have been an effective complement of U.S. bilateral programs. U.S. participation in the U.N. programs is a demonstration of support for the United Nations. Further, in some cases, a multilateral approach offers the best means of accomplishing specific objectives.

## C. ORGANIZATION OF AMERICAN STATES (SEC. 203(b)(2))

This section authorizes contributions of not to exceed \$1.5 million to the technical cooperation program of the Organization of American States in fiscal 1961. This is the same amount that has been authorized annually for several years. The current appropriation is \$1.2 million plus reappropriation of \$300,000 in unobligated fiscal 1959 funds. The U.S. contribution is made subject to administration policy that it will not exceed 70 percent of the total.

Contributions from other governments in the OAS have been slowly increasing, so that it has been possible to increase the U.S. contribution, within the 70 percent ceiling, from \$1.1 million in calendar 1955 to \$1.3 million in calendar 1959. The committee deems it useful to authorize \$1.5 million as an incentive to other countries to contribute more.

The OAS technical assistance program consists entirely of a number of regional training projects in fields related to economic development and social welfare. The largest of these projects (there were a total of 14 in 1959) are in technical education for the improvement of agriculture and rural life, the Pan American Aftosa Center, the Inter-American Rural Normal School for training rural schoolteachers, the Inter-American Training Center for Economic and Financial Statistics, and training in the planning and administration of social welfare programs.



## D. STUDY OF POINT 4 YOUTH CORPS (SEC. 203(e))

This subsection adds a new section 307(b) to the act, directing the President to arrange for a nongovernmental research group, university, or foundation to study "the advisability and practicability of a program, to be known as the point 4 youth corps, under which young U.S. citizens would be trained and serve abroad in programs of technical cooperation." The bill authorizes use of not more than \$10,000 in technical cooperation funds to help pay for the study.

This section is the result of the committee's consideration of S. 2908 by the late Senator Neuberger which likewise provided for such a study and specified its scope in some detail. The committee felt it advisable to leave the scope of the study completely open in the law. The committee expects, however, that the study would include these points, among others: the types of projects in which members of such a corps might be used and how such projects should be carried out; the manner in which interested private American organizations might cooperate in these projects; the relationship, if any, which should exist between service in the point 4 youth corps and in the Armed Forces; the optimum size of the youth corps and the manner of its administration; its personnel regulations, selection methods, and criteria, and methods of orientation and training; and how it could most usefully supplement existing programs of technical cooperation.

The committee emphasizes that it is only a study which is involved here. The conclusions of the study can be considered on their merits when the study is completed.

## 9. SPECIAL ASSISTANCE (SEC. 204(a))

This section authorizes appropriation of not to exceed \$260 million for special assistance in fiscal 1961. The administration had requested \$268.5 million. The current year authorization is \$247.5 million, of which \$245 million was appropriated.

Special assistance is proposed for 22 countries and territories (including West Berlin) and for a variety of regional, worldwide, and multilateral programs. These include a special program for Africa, a contribution to the U.N. Emergency Force in the Middle East, aid to American schools abroad, malaria eradication, the community water supply program, and the investment incentive program. Countries and territories for which special assistance is proposed are Berlin, Yugoslavia, Ethiopia, Somalia, Sudan, Libya, Morocco, Tunisia, Afghanistan, Israel, Jordan, Nepal, United Arab Republic, Yemen, Burma, Indonesia, Bolivia, Brazil, Guatemala, Haiti, Paraguay, and the West Indies and eastern Caribbean.

Out of this long list, however, six countries—Morocco, Jordan, Tunisia, Libya, Bolivia, and Afghanistan—account for slightly more than 80 percent of the total which is programed on a country basis.

Special assistance is economic aid designed to accomplish a variety of objectives. It includes such diverse activities as equipping and training an engineer construction unit for road and bridge construction in Paraguay, supplying substantial budgetary support for the Government of Jordan, and contributing to the continued availability of an American airbase in Libya. It may take the form of cash grants, of commodity imports, or of assistance to specific economic projects.

In every case, however, it is directly related to accomplishment of a specific objective of U.S. foreign policy and provides aid which could not normally be furnished under other categories of the mutual security program.

The major new element in special assistance as proposed for 1961 is a special program for Africa which will be used in the newly independent states and territories rapidly approaching independence south of the Sahara. This program can be particularly useful in attacking problems of education and training in which some progress must be made as a prerequisite to significant economic development. The committee welcomes this evidence of growing attention to the needs of Africa and expresses the hope that the program will be administered in such a way as to encourage greater regional integration.

Indeed, if special assistance had not included programs such as this one and such as malaria eradication and other health programs, aid to American schools, and the community water supply program, the committee would have been disposed to make a deeper cut in the authorization. The committee finds some of the individual country programs excessive. It expects that reductions will be made here and not at the expense of sub-Saharan Africa and the nonregional health and related welfare programs.

#### 10. OTHER PROGRAMS

##### A. UNITED NATIONS EMERGENCY FORCE (SEC. 204(b))

This section extends through fiscal 1961 the authority already contained in section 401 of the act, applicable to fiscal 1960, for the President to use special assistance funds for voluntary contributions to the United Nations Emergency Force in the Middle East.

UNEF played an important role in settling the 1956 Middle East crisis and has subsequently exerted a significant influence for peace in that area. Its 5,000 officers and men, from seven small and middle powers, are still stationed in the Gaza strip and at the entrance to the Gulf of Aqaba.

The Force's budget for calendar year 1960 is \$20 million, which is met in part through assessments of U.N. members according to the regular assessment scale for the U.N. budget. Inasmuch as the total U.N. budget, other than UNEF, is only \$60 million, this results in a substantial addition to the assessments and has been found particularly burdensome by some of the smaller, poorer members. Because of their very great interest in maintaining peace in the area, the United States and the United Kingdom have made voluntary contributions to UNEF over and above their assessments, and these contributions are used to reduce the assessments of U.N. members least able to pay.

In calendar year 1957, the United States contributed \$12.9 million over and above its assessment toward a UNEF budget of \$30 million. In 1958, it contributed nothing and in 1959, \$3.5 million out of fiscal 1960 funds. It is proposed to contribute \$3.2 million in calendar 1960 out of fiscal 1961 funds. This contribution, plus the U.S. assessment of \$6.5 million, will mean a U.S. payment of 48.5 percent of UNEF's budget.

## B. SURPLUS AGRICULTURAL COMMODITIES (SEC. 204(c))

This section extends to fiscal 1961 the requirement which has been in section 402 of the act for several years that at least \$175 million of mutual security funds (other than the Development Loan Fund) be used to finance the export of surplus agricultural commodities. Under existing law, this requirement may be met either through grants or through sale for foreign currencies.

It must be candidly pointed out that this provision may prove ineffective and that the President's special authority may be used to waive the requirement to some extent. Disposals pursuant to the requirement of section 402 have steadily declined from \$445 million in fiscal 1955 to \$188 million in 1959. It is doubtful that they will greatly exceed \$140 million in 1960, and may be even less in 1961.

This situation arises from a number of factors. The total funds available out of which to meet the requirement have declined and the relative importance of nonagricultural commodities has increased. The Agricultural Trade Development and Assistance Act (Public Law 480) has provided an alternative source of agricultural imports for many countries. The growth of currency convertibility has decreased the incentive of West European countries to engage in triangular transactions under which the proceeds from surplus commodity sales in one country are used to finance purchases in that country for the benefit of another country. Finally, the application of the 50-50 shipping clause to sales under section 402 means that the cost of the commodities to the recipient country is increased and where currency is convertible, this also reduces the incentive to buy.

It is currently estimated that mutual security funds to the extent of \$104.5 million can be used to meet the section 402 requirement in fiscal 1961. The commodities involved are cotton (\$52.7 million), fats and oils (\$20.4 million), dairy products (\$9.5 million), bread grains (\$9 million), eggs and soybean meal (\$7.8 million), and coarse grains (\$5.1 million).

## C. BERLIN (SEC. 204(d))

This section authorizes use of not more than \$6,750,000 of special assistance funds in fiscal 1961 "in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin." For the current fiscal year, \$7,500,000 of special assistance funds were authorized for this purpose and \$6,750,000 actually programmed.

A portion of the funds authorized for use in 1961 will finance the sales of surplus agricultural commodities to the Federal Republic of Germany with the resultant marks contributed toward construction of the Berlin Medical Center. This is a joint project of the United States, the Federal Republic, and the city of West Berlin.

Continued evidence of American interest in West Berlin is especially important at this time in view of Soviet threats against the city.

## D. INDUS BASIN DEVELOPMENT (SEC. 204(e))

This section adds a new section 404 to the act, the main purpose of which is to authorize use of mutual security funds for development of the Indus basin under the supervision of the International Bank for Reconstruction and Development without regard to the requirements of the Mutual Security Act and the Mutual Security Appropriation

Act regarding cost estimates and feasibility studies. In effect, the section would substitute the IBRD's requirements concerning completion of plans and cost estimates and determination of feasibility for those of U.S. laws. The section would also enable the President to waive the 50-50 shipping provision. An introductory statement "welcomes the progress made" toward a cooperative program for development of the Indus basin and "affirms the willingness of the United States \* \* \* to participate in this significant undertaking."

As a result of patient negotiations carried on since 1952 under the auspices of the IBRD, the Indus waters dispute, which has long embittered relations between India and Pakistan and has at times brought the two countries to the verge of open warfare, appears well on the way to settlement. The dispute arose because partition of the sub-continent in 1947 left the upstream portions of the Indus system, embracing six rivers, in Indian hands and the downstream portions in Pakistani hands. The rivers involved have historically been used extensively for irrigation and are vital to the agricultural life of both countries.

An ambitious plan advanced by the IBRD has now been agreed to in principle by India and Pakistan and awaits only conclusion of a water treaty between the two countries for the beginning of the long and expensive task of implementation. Under the IBRD plan, the waters of the three eastern rivers in the system will go to India and the areas in Pakistan formerly irrigated from these rivers will get water brought by canals from the three western rivers. The plan also provides for hydroelectric installations, storage areas, and drainage improvements.

The plan is estimated to cost slightly more than a billion dollars, take 10 years to complete, and result in the largest irrigation system in the world. It will make a substantial contribution to the economic development of both India and Pakistan. Equally important, it will remove one of the sorest points in relations between those countries and contribute significantly to political stability in South Asia.

The IBRD plan contemplates joint financing by the two countries directly involved and the IBRD itself plus the United States, United Kingdom, Germany, Canada, Australia, and New Zealand. It is proposed that the U.S. contribution take the form of both dollars and rupees in both loans and grants. For the first year, assuming that the Indo-Pakistani treaty is concluded in 1960 and construction begins in fiscal 1961, approximately \$13.6 million in foreign exchange and rupees equivalent to \$22 million will be required. In all, over the 10-year period, the United States will provide \$177 million in grants, \$103 million in loans, and rupee loans and grants equivalent to \$235 million.

It is proposed that the whole enterprise be carried out by an Indus basin development fund under the auspices of the IBRD. Under the circumstances of this large multilateral undertaking, it seems entirely appropriate for the U.S. funds involved to be spent according to IBRD, rather than American, standards. The IBRD has established an excellent record for making sound loans and insisting on high performance, and there need be no fear that money under its care will be loosely or wastefully used.

Under the multilateral agreement for this project the U.S. money contributed to the Indus Fund will not be subject to a 50-50 U.S.

shipping restriction. This is entirely appropriate in view of the multilateral character of the project and the fact that the other contributing nations are also foregoing any preferential strings on their contributions. At the same time the committee expects that the 50-50 shipping provision will be waived only if or to the extent that compensating increases cannot practicably be made over a period of time in other mutual security shipments carried on American vessels to this or other regions. The bill also provides (sec. 401(d) below) that notice must be given to legislative committees when the 50-50 provision is waived.

E. UNITED NATIONS HIGH COMMISSIONER FOR REFUGEES (SEC. 204(f)(1))

This subsection amends section 405 of the act so as to authorize not to exceed \$1.1 million for fiscal year 1961 as the U.S. contribution to the United Nations High Commissioner's program for refugees who are objects of international responsibility under the High Commissioner's mandate.

This is the same amount as was authorized and appropriated last year and is \$400,000 less than the administration's request of \$1.5 million for 1961. The committee looks with disfavor upon proposals to increase presumably temporary programs of this nature.

It is expected that the refugee camps in Europe should be virtually closed by the end of this year and that the High Commissioner's program for 1961 will concentrate on rehabilitation and resettlement of out-of-camp refugees and on providing them with international legal and political protection. The committee noted, however, that a substantial proportion of the proposed U.S. contribution was intended for the benefit of refugees from Algeria in Morocco and Tunisia and of European and Jewish refugees from the Near East, mainly in France and Italy. The administration's illustrative program contemplated \$800,000 for Soviet orbit refugees, \$600,000 for Algerian refugees, and \$100,000 for refugees of European and Jewish origin from the Near East. The Algerian refugees are primarily the responsibility of France. The French Government has been willing to meet this responsibility, but has been deterred from doing so by a dispute as to whether the refugees are French citizens. This question seems irrelevant to a French program of helping the refugees.

Under administrative policy, the U.S. contribution to the U.N. High Commissioner for Refugees will not exceed one-third of the total cash contributions. In addition, the United States is supplying surplus agricultural commodities under the authority of titles II and III of the Agricultural Trade Development and Assistance Act (Public Law 480) at the rate of about \$10 million a year.

The authorization recommended by the committee will allow some assistance to all categories of refugees in the administration's program, but the total U.S. contribution will not exceed the current year's level.

F. ESCAPEES (SEC. 204(f)(2))

This subsection amends section 405(d) of the act by authorizing for fiscal year 1961 an appropriation of not to exceed \$3.5 million for the continuation of activities benefitting selected escapees from countries of the Soviet orbit. For the current year, \$5.2 million was authorized and \$4,632,000 appropriated.

Working largely through contracts with voluntary relief agencies; the U.S. escapee program provides such services as counseling on resettlement and job opportunities; vocational and language training; health facilities; and financial help in the costs of resettling. Since this program was established in 1952 as a wholly U.S.-sponsored effort to help escapees from Communist areas, it has actually extended assistance in varying degrees to more than 460,000 persons in Europe, the Near East, and the Far East.

Based on the present rate of escape, it is anticipated that during calendar 1961 about 7,700 new escapees (more than half of them from Yugoslavia) will be registered. This number will be in addition to the 6,800 remaining from previous years who are of priority interest to the United States. A caseload reduction of 9,300 is estimated during 1961, so that only 5,200 will be left at the end of the year.

Of the funds authorized in this bill, it is expected that \$2.3 million will be used in Europe and the Near East, \$1 million in the Far East, and \$200,000 in Washington. In the Far East, top priority is given to the rehabilitation of leadership elements, professional and intellectual people. In view of the mass problem in Hong Kong, emigration out of that area on any significant scale is thought not to be feasible. However, continuing efforts will be made to integrate selected refugees in Hong Kong where added emphasis is being given in the coming year's program to medical facilities and attention to youth.

This unilateral program undertaken by the United States to supplement the other refugee programs is a definite boon to the prestige of this country and an effective counter to Communist propaganda claims that the free world's interest in captive peoples is waning.

#### G. UNITED NATIONS CHILDREN'S FUND (SEC. 204(g))

This subsection amends section 406 of the act so as to authorize not more than \$12 million to be appropriated for the United Nations Children's Fund for fiscal 1961. This is the same amount as that authorized and appropriated in last year's mutual security legislation. However, the U.S. contribution for 1961 represents 46 percent of the worldwide UNICEF program as compared to 48 percent in 1960.

Originally established in 1946 to care for children in war-devastated areas, the emphasis of UNICEF's program since 1950 has been on elevating health, nutritional and social welfare standards in underdeveloped areas—where the populations are commonly diseaseridden and undernourished—through maternal and child care activities. The means provided by UNICEF include medical equipment; insecticides, vaccines and antibiotics; powdered milk; and dairy and food processing equipment.

The Children's Fund is currently participating in 371 programs in 104 countries and territories. Each beneficiary country has to provide for its own program a contribution equivalent to the UNICEF assistance which it is receiving. Some governments actually put up, usually in local supplies, three to four times what they get from the Children's Fund.

Since the inception of the program, it is estimated that more than 55 million children and expectant and nursing mothers have come under the care of UNICEF. The disease control and nutrition projects have contributed materially to raising the productive potential

of the assisted populations. This, in turn, provides the human resource base without which technical assistance and economic development programs cannot be successful.

H. PALESTINE REFUGEES (SEC. 204(h))

This subsection makes several important changes in section 407 of the act, which relates to Palestine refugees in the Near East and to U.S. contributions to the United Nations Relief and Works Agency.

The bill authorizes an appropriation for 1961 of \$22 million and repeals the proviso in existing law earmarking 10 percent of the funds for repatriation or resettlement. The funds which have accumulated unspent under this proviso, amounting to \$6,250,000 over the last 2 years, will revert to the Treasury, as will an estimated \$250,000 in other unobligated funds in the Palestine refugee account.

Last year, there was authorized and appropriated \$25 million for contributions to UNRWA, but with the proviso reserving 10 percent for repatriation or resettlement. The administration this year requested an authorization of \$18.5 million together with authority to use the funds accumulated under the proviso for relief as well as for resettlement or repatriation. This, plus the carryover of other unobligated funds which the committee disapproved, would have made a total of \$25 million available in 1961. The net effect of the committee's action, therefore, is to reduce the administration's request by \$3 million.

The bill also attaches an important new condition to the use of U.S. contributions. After January 1, 1961, these cannot be used for programs of relief which heretofore have been administered on the basis of ration cards except for refugees whose need and eligibility for relief have been certified after July 1, 1960. The purpose of this provision is to insure that every refugee who is entitled to a ration card has one and that persons not entitled to them do not have them. The committee has had many disturbing reports of black market operations in ration cards among Palestine refugees as well as of the denial of cards to persons who should have them. It is disinclined to tolerate this situation any longer, and it urges the State Department to press UNRWA to take vigorous corrective action.

Finally, the bill directs that the President include in his recommendations to Congress for fiscal 1962 mutual security programs—

specific recommendations with respect to a program for the progressive repatriation and resettlement of refugees and for reducing U.S. contributions—

to UNRWA.

These actions taken together—a reduction in funds, a tightening of conditions, and a directive to produce a specific program reflect the committee's growing impatience with the temporizing attitude of all concerned with this tragic and intolerable situation—primarily Israel and the Arab States, but also the State Department and the United Nations. The parties concerned have been on clear notice at least since 1952 that the committee would not continue indefinitely to approve U.S. relief contributions. In that year, the committee stated:

The United States cannot be expected to continue indefinitely relief programs of this type without an end in sight (S. Rept. 1490, 82d Cong., pp. 45-46).

Similar statements have been made with dreary and virtually annual repetition in the committee's subsequent reports. The committee has likewise repeatedly expressed its willingness to give the most sympathetic consideration to proposals for capital assistance to carry out resettlement or repatriation projects. It even, for 2 years, earmarked funds for this purpose, all to no avail.

Since 1949, the United States has contributed a total of approximately \$200 million to UNRWA. The only other substantial contributor has been the United Kingdom. If these same funds could have been spent on productive investments in the area, the refugees would long since have all been self-supporting, and a source of great political friction would have been removed. Instead, the funds have been doled out for relief, and the problem is worse than it was.

All of this is primarily and directly attributable to the intransigence of Israel and the Arab States. The committee is tired of hearing arguments that one side is more to blame than the other. It is tired of the United States assuming a major share of the responsibility for ameliorating the consequences of the irresponsibility of others. What is needed is less false political pride and more genuine political statesmanship, less sterile quarreling over the past and more constructive attitudes for the future.

#### I. OCEAN FREIGHT (SEC. 204(i))

Amending section 409(c) of the act, this subsection authorizes for fiscal 1961 an appropriation not to exceed \$2 million to defray the cost of ocean freight for relief supplies sent to needy persons abroad under the auspices of approved U.S. voluntary nonprofit agencies.

The bill also amends the substantive provisions of section 409 so as to authorize payment of overland freight charges to designated points of entry in landlocked nations—as for example, Bolivia and Laos. This remedies an oversight in the existing law. It seems unwarranted to discriminate in payment of international freight charges on relief goods as between nations which have seaports and those which do not. A corresponding amendment is made by section 601(c) of the bill (see below) to section 203 of Public Law 480.

The goods donated by the American people are primarily food, clothing, medical and hospital supplies, school supplies, handtools for trade and agriculture and other self-help items. As few cash contributions are received, these gifts could not be delivered overseas without the cooperation of the Government in financing the freight charges.

The goods are accorded duty-free entry into the country of destination, and the host government will continue to bear any further costs for transportation within the country to the ultimate point of distribution. American field representatives of the various voluntary agencies supervise the local distribution of the goods and insure that the local people know the origin of the gifts.

Supplies to be moved in fiscal 1961 are estimated at a total value of \$47 million and will cost the Government an anticipated \$2 million



in ocean freight. Nearly 30 voluntary organizations will be participating in the program. These groups also channel through their overseas distribution centers surplus agricultural commodities for which ocean freight charges are funded under authority of title II of Public Law 480.

As tangible expressions of the charitable spirit of the American public, these people-to-people gifts continue to show needy persons in other lands that individual Americans, through private and voluntary means, want to help them.

#### J. ADMINISTRATIVE EXPENSES (SEC. 204(J))

Paragraph 1 of this subsection amends section 411(b) of the act so as to authorize appropriation of not to exceed \$40 million to cover costs of administering nonmilitary assistance (except the Development Loan Fund) and certain functions under the Agricultural Trade Development and Assistance Act (Public Law 480).

Paragraph 2 makes a technical amendment in section 411(e) of the act so as to authorize appropriations "for expenses of" the State Department under the Mutual Security and Battle Acts, instead of appropriations directly to the Department. This change conforms to appropriation language under which all mutual security appropriations are made to the President. In existing law, the appropriation authorized by section 411(e) is a continuing one of "such amounts as may be necessary."

The funds authorized in section 411(b) are to be used by the International Cooperation Administration in Washington and 65 overseas locations in administering the economic, technical, and other assistance programs for which that agency is responsible. The proposed authorization is an increase of \$500,000 over the amount authorized and \$2 million over the amount appropriated last year. The increase is accounted for primarily by the opening of new overseas posts, especially in Africa, periodic pay increases, and the costs of the Federal employees health insurance program. These new costs will be partially offset by a reduction in the costs of missions in Europe.

The committee also expects that in the coming year ICA will strive for continued improvement in the caliber of its employees. More intensive language training and other employee development activities, as well as added flexibility in competing for competent personnel on the U.S. labor market, are among the program goals.

#### K. ATOMS FOR PEACE (SEC. 204(k))

Section 419(a) of the act is amended by this subsection so as to authorize appropriation of not to exceed \$3.4 million for the fiscal 1961 atoms-for-peace program. For the current year, \$6.5 million was authorized and \$1.5 million appropriated.

Nineteen research reactors, at a cost of \$350,000 each, have already been furnished (or are in the process of being furnished) to various countries under this program. During fiscal 1961 only one additional request for a reactor grant is anticipated. Equipment provided under the program will be primarily laboratory, teaching and field supplies to improve training in basic and applied nuclear science. The scholarship program is administered by the National Academy of Sciences under contract to ICA, and for the coming year 100

scholarship grants are contemplated to train foreign nationals in atomic science in the United States.

The breakdown of the program budget for 1961 is as follows: foreign research reactor, \$350,000; equipment grants, \$1,250,000; symposia and surveys (to help countries plan their programs), \$350,000; contributions to the budget of the International Atomic Energy Agency, \$750,000; scholarship programs, \$700,000. There are also related activities to the extent of about \$566,000 in ICA's country technical assistance program which are not included under the atoms-for-peace provision.

By instructing friendly countries, especially those who cannot by themselves afford such programs, in the peaceful uses of atomic energy consistent with their respective resources, the United States is exporting its scientific and engineering know-how for the long-range benefit of recipient countries. This program has added weight in an era when Soviet technological achievements challenge American scientific prestige.

#### 11. CONTINGENCY FUND (CH. III)

Section 301 of the bill authorizes appropriation of not to exceed \$175 million for fiscal 1961 under section 451(b) of the act, which provides the President with special authority and a contingency fund. For fiscal 1960, \$155 million was authorized and appropriated.

This fund has traditionally been provided in the mutual security program in order to give administrative flexibility in meeting requirements which at the time of congressional action are either entirely unforeseen or foreseen so tentatively as not to justify firm programming. It is thus inherently impossible to predict in advance how much will be needed in the fund.

On the basis of experience, the amount recommended seems to be reasonable. In fiscal 1959, out of a fund of \$155 million, all but \$183,000 was used. Two-thirds of the way through fiscal 1960, approximately three-quarters of a fund of \$155 million had been used.

Among the major uses to which the fund has been put in recent years have been additional assistance to Taiwan to meet the crisis in the Taiwan Straits, additional assistance to several countries in the Middle East to meet the crisis in that area stemming from the Iraqi revolution and the Lebanese disturbances, and relief work in the wake of a variety of natural disasters around the globe. The fund also makes it possible for this Government to act quickly to take advantage of developments where it is in the interest of the United States to help a country seeking to reduce its dependence on Sino-Soviet aid. The continent of Africa is in such a state of political flux that no one can clearly predict the full requirements of the mutual security program there.

None of the contingency fund can be used to supplement the Development Loan Fund. With respect to \$100 million of the contingency fund, the President may waive the requirements of the Mutual Security Act and related acts upon a specific finding by the President that such a waiver "is important to the security of the United States," but not more than \$30 million may be used in this manner in any one country in any fiscal year.

Because of the inherent unpredictability of demands upon the contingency fund, it seems to the committee prudent to err, if at all, on the side of providing too much rather than of providing too little. If the contingencies do not arise, the fund will not be used. If they do arise, the President should be in a position to meet them.

## 12. GENERAL AND ADMINISTRATIVE PROVISIONS

### A. CULTURAL MONUMENTS OF THE UPPER NILE (SEC. 401(a))

This adds a new subsection 502(c) to the act authorizing, under certain conditions, U.S. participation in an internationally financed program to preserve the great cultural monuments of the upper Nile. These are located in an area which will be flooded by the Aswan Dam, and unless immediate steps are taken to remove or protect them, they will be lost forever within a period of 5 years.

Under the terms of the amendment, U.S. participation in this work must be: (1) as part of an internationally financed program; (2) predicated upon a finding by the President that it would promote the foreign policy of the United States; (3) subject to the approval of Congress; (4) limited to one-third of the total contributions to the program; and (5) limited to U.S.-owned currencies of the country where the work is being carried out which have accrued under the Mutual Security Act or the Agricultural Trade Development and Assistance Act (Public Law 480). This means that the U.S. contribution will be in form of either Sudanese or United Arab Republic currency.

The committee received testimony (hearings, pp. 575-586) indicating considerable international interest in mounting an organized effort to preserve these great monuments. The planning is as yet not sufficiently advanced to pass on its soundness or on the desirability of U.S. Government participation. The amendment is simply a congressional expression of sympathy with the objective. If a firm plan is subsequently developed and the President recommends U.S. participation, the program in question will have to be approved by the Congress.

### B. REPEAL OF AUTHORITY REGARDING MACHINE TOOLS (SEC. 401(b))

This section repeals section 504(d) of the act, which authorized use of up to \$2.5 million of the contingency fund in 1960 to make available machine tools and other industrial equipment to foreign small business concerns in underdeveloped countries.

The section was rendered ineffective by a provision in the fiscal 1960 appropriation act, but it would expire in any event at the end of the current fiscal year. Further, general authority exists for this kind of program in other sections of the act, notably those dealing with defense support and special assistance. This authority should be used to encourage and facilitate the growth of small business abroad.

### C. USE OF BARTER PROCEEDS (SEC. 401(c))

This section amends section 505(a) of the act, which relates to loan assistance and sales, so as to clear up an ambiguity concerning the use of commodities, equipment, and materials received as repayment

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for assistance. The amendment provides that such materials may be reused for assistance authorized by the act, other than for the Development Loan Fund, in accordance with the applicable provisions of the act.

The law now authorizes assistance on a grant, sale, loan, or barter basis. Foreign currencies received in cash payments for assistance may be used for the same purposes for which the dollars providing the assistance which generated the currencies were appropriated. Foreign currencies received in repayment for assistance furnished on a loan basis are used for the exchange of persons program and are sold by the Treasury to Government agencies for payment of their expenses abroad, with any currencies excess to U.S. Government needs being credited to the Development Loan Fund in amounts as may be specified in appropriation acts.

The ambiguity arises in connection with commodities, equipment, or materials received by the United States in return for assistance furnished on a barter basis. As the existing law has been interpreted by the agencies administering it, these materials cannot be further used. The amendment will make possible an arrangement whereby, for example, the United States may furnish one type of military equipment to a European country in return for a second type of military equipment and this second type could then be furnished a second country. As the law is now interpreted, this transaction can be accomplished only if the United States sells its military equipment for a foreign currency and uses the currency to buy the second type of equipment.

The proposed amendment will simplify these procedures considerably. The committee understands it is intended for use mainly in Europe.

D. NOTICE TO LEGISLATIVE COMMITTEES (SEC. 401(d))

This subsection inserts new wording in section 513 of the act so as to require that notification be given to the Foreign Relations Committee and the Speaker of the House when any determination is made under authority of the new section 404 (Indus basin development) to waive the 50-50 shipping requirement in section 901(b) of the Merchant Marine Act of 1936, as amended.

This is the requirement that at least 50 percent of the gross tonnage of ocean shipments moving under the aegis of the United States be carried on U.S.-flag commercial vessels.

By stating that this provision may be disregarded when the President determines that the 50-50 shipping requirement cannot be met, the new section 404 leaves more latitude for executive action. Therefore it is thought to be additionally necessary for the executive branch to inform the Congress when a departure from the shipping procedures contained in the Merchant Marine Act is made under authority of the new section on the Indus basin development.

E. PAY OF EMPLOYEES IN LOCAL CURRENCY (SEC. 401(e))

This section adds a new section 523(d) to the act authorizing ambassadors to regulate the extent to which officers and employees of Government agencies and contractors abroad may receive their pay

and allowances abroad in dollars or in local currency. The regulations may be issued by the Chief of the U.S. diplomatic mission in a country whenever he determines that "the achievement of United States foreign policy objectives there requires it."

The amendment affects only pay and allowances received and to be used abroad. It does not affect any portion of an individual's pay which the individual may choose to have deposited to his credit or paid to a dependent in the United States. It does not, therefore, affect the right of an employee to receive dollars; it affects only his privilege of receiving them abroad and then only in limited circumstances.

This amendment was occasioned by the scandalous black market currency activities of large numbers of American officers (including colonels) and servicemen in Turkey. Before these activities were broken up by the Turkish authorities (not, significantly, by the U.S. authorities), thousands of dollars had been made illicitly on the currency black market. The repercussions have been adverse to the attainment of U.S. policy objectives in Turkey and have blackened the reputation of the U.S. Armed Forces everywhere.

The committee is aware of the almost irresistible temptation to engage in black-market currency operations whenever there is a substantial difference between the official or legal rate and the free or black-market rate, as existed in Turkey in 1957-59. The committee would have thought, however, that the Armed Forces would have had enough experience in these situations to have been able to deal with them more effectively.

The committee is greatly disappointed by the performance of the Department of Defense in the Turkish case, and not least by the fact that of the 71 uniformed personnel who were questioned by military investigators, 21 pleaded the military equivalent of the fifth amendment and 37 admitted having acquired lira illegally. These 71 were all stationed in Izmir, and there were indications that the situation might have been equally bad throughout Turkey. American military authorities failed to take proper steps to prevent the black-market currency ring from developing in Turkey. They then failed to take sufficiently vigorous action against many of the participants in the ring. Finally and worst of all, they tried to hush up the whole affair and were uncooperative with the committee's efforts to get to the bottom of the matter.

When the Turkish authorities finally broke up the ring and put some American servicemen in jail, there were press reports, apparently inspired in part by unauthorized American military sources, that the servicemen in question were being subjected to medieval tortures and otherwise having their rights trampled upon. The committee's impression is that these reports were exaggerated. The press reports also left the impression that American authorities were doing nothing to protect the rights of the servicemen who were arrested. This impression was erroneous so far as the committee has been able to ascertain. It adds fuel, however, to the complaints of many people in the United States—some well-meaning but poorly informed—that the NATO Status of Forces Treaty is an iniquitous instrument to take away the rights of American servicemen abroad.

What bothers the committee most about this whole affair is the widespread attitude it discloses that Americans generally, and American

military personnel in particular, are, or should be, above the law when they are away from home. The committee has commented heretofore on the importance of careful selection and indoctrination of military personnel selected for overseas service. These comments have apparently fallen on sterile ground in the Pentagon. But the committee is deadly serious; it is not disposed to regard blackmarkting as a game in which one gets rich if he wins and gets transferred if he is caught.

Inasmuch as the military appears incapable of maintaining proper discipline among its personnel, the amendment contained in the new section 523(d) will authorize the American Ambassador to take steps to reduce the supply of dollars available and thereby reduce the possibility, if not the temptation, of exchanging dollars on the black market. It is not expected that there will be frequent occasions for the use of this authority. General free world economic recovery is gradually reducing the number of countries in which a currency black market exists. Moreover, the exercise of this authority, although vested in the Ambassador, would not be carried out by him on his own responsibility but on instructions from the Department of State after appropriate interagency consultation within the Government. The committee is strongly of the opinion, however, that authority such as is here proposed is necessary if a handful of really ugly Americans is not to jeopardize the painstaking accomplishments of thousands of others.

#### F. EMPLOYMENT OF PERSONNEL (SEC. 401(f))

Paragraph 1 of this subsection amends section 527(b) of the act so as to increase by six the number of persons who may be compensated at rates from \$12,700 to \$17,500 a year and without regard to the provisions of the Classification Act. This will have the effect of creating six additional supergrade positions within the various administrative agencies connected with the Mutual Security Program. The persons filling these positions will all be employed in the United States. Under existing law, there is authority to compensate 70 persons without regard to the Classification Act, and of these 45 may be compensated at supergrade rates. The bill increases these figures to 76 and 51, respectively.

This increase reflects the need for more competent top-level personnel to coordinate and administer the increasingly complex aid program. Such top-flight people can be recruited and retained only through the prospect of higher salaries. Qualified Foreign Service officers will be used when available, but the new authority is considered essential in order to draw in and keep outside people.

Last year Congress approved an increase of 10 supergrade positions. At that time certain needs were not foreseen and the 10 additional positions had to be apportioned so as to cover more offices than originally intended, specifically assignments to the new office of the Inspector General and Comptroller. Thus, the needs of ICA and Defense were unmet. In addition, needs in the Development Loan Fund are included in this year's request. The various agencies connected with the aid program submitted a combined estimate of 16 necessary new positions, and the administration requested 8. The committee recommends 6. The Under Secretary of State will decide which of the 16 recommended positions are of highest priority.

Paragraph 2 of this subsection amends section 527(c) of the act, dealing with personnel employed outside the United States, in two respects: First, authority to employ or assign personnel outside the United States is vested in the President instead of in the Director of ICA, as formerly. This change will make this section conform with the rest of the act, which vests authority in the President. Second, Foreign Service Reserve officers are made eligible for in-class promotion in accordance with regulations prescribed by the President. By this change, reserve officers may be promoted on a more equitable basis depending upon the date of their entrance into, or reassignment in, the Reserve Corps, instead of upon the fixed date stipulated in the Foreign Service Act. Under the Foreign Service Act, promotion would occur on July 1 for an officer who had been in a given class for at least 9 months. This meant that an officer lacking 1 day or more of the requisite 9 months would have to wait until the following July 1 for promotion. Under authority of the new proviso, Reserve officers employed abroad under the Mutual Security Act may be promoted on the anniversary dates of their appointment or assignment, or of their most recent in-class promotion.

Paragraph 3 makes a technical amendment in section 527(d) which now authorizes the Secretary of State, at the request of the Director, to appoint alien employees abroad. The phrase "at the request of the Director" is deleted so that the Secretary's authority is not contingent on the request of a subordinate.

#### G. REPORTS (SEC. 401(g))

This subsection amends section 534(a) of the act so as to require a report on operations of the Mutual Security Program to be made to Congress covering each fiscal year instead of every 6 months.

These reports cover in detail all activities carried on under the act with the exception of certain security information which the President deems should be withheld in the national interest. Annual, instead of semiannual, reports will serve the same purpose and reduce the burden on both Congress and the executive branch.

#### H. CONTRACTS FOR PERSONAL SERVICES ABROAD (SEC. 401(h))

This subsection amends 537(a)(3) of the act so as to clarify the basis upon which the International Cooperation Administration contracts with individuals to furnish certain services abroad subject to administrative and policy supervision and guidance by the ICA mission.

The Civil Service Commission has viewed the relationship established by such ICA contracts as one of employer to employee. The bill makes it clear that these individuals shall not be regarded as employees of the United States for the purpose of any law administered by the Civil Service Commission; i.e., they will not enjoy the status of civil service employees with the accompanying benefits and rights provided under the statutes governing such employees.

The new wording also makes this section applicable to individuals whether Americans or foreign nationals, instead of just to aliens as in the present legislation. The contractual services involved range from professional technical advice to foreign governments to custodial and housekeeping services for ICA missions.

I. CONSTRUCTION OR ACQUISITION OF FACILITIES ABROAD (SEC. 401(i))

This subsection amends section 537(c) of the act so as to raise from \$2.75 million to \$4.25 million the ceiling on the amount of funds available in foreign countries excluding Korea for the construction or acquisition of essential living quarters, office space, and other supporting facilities for use by personnel engaged in carrying out activities under the Mutual Security Program.

The increase is largely made necessary by expansion of the aid program in Africa, where rural housing and offices are scarce; by the need to establish or assist schools for the children of oversea mission personnel, also in Africa; and by movement of the capital of Pakistan from Karachi to Rawalpindi. A portion of the funds will also be used for housing and offices in Yemen.

The newly created nations of western Africa south of the Sahara require considerably expanded ICA missions. Since rural housing in Africa is entirely inadequate, and office buildings nonexistent, the new ICA missions must start from scratch to provide living and working quarters for American personnel. The ICA envisions a regional grouping of technicians in tropical Africa so that there can be a cooperative use of these experts by the countries in the area, all of whose needs are similar. The sites have not yet been selected, but three complexes (comprising housing, office, warehouse, and maintenance shop) will be built in upcountry locations to service the entire area at a cost of \$575,000.

The dearth of adequate educational facilities for American families is a serious barrier to staffing missions abroad with competent personnel. An ICA survey indicates there is a 25-percent yearly turnover in oversea staff. Deficiency in educational facilities for children of American personnel is the reason most frequently given for resignations. A serious effort is being made to remedy this situation, and it is expected that the proposed program for school construction and equipment in Africa will be an inducement to American oversea personnel to stay on the job. The proposed program for next year includes \$400,000 for this purpose.

The transfer of the Pakistani capital from Karachi to Rawalpindi will necessitate new buildings for the U.S. mission in that country. Since Pakistan is not an industrial nation, much of the construction materials and building equipment will have to be imported. Imported materials and equipment are expected to cost about \$400,000. Another \$600,000 will be funded in local currency to complete the overall cost estimate of \$1 million for the building program in Pakistan.

The facilities constructed or financed under this authority will have residual value to the United States or to the host government when the aid program terminates. All such facilities represent a long-term—15 to 20 years at the minimum—useful investment.

13. TECHNICAL AMENDMENTS (CH. V)

The series of technical amendments made in this chapter simply strike out, in six sections of the act, references to the "continental" United States or the "continental limits of the" United States so that references to the United States will reflect the fact that it now embraces States beyond its continental limits.



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14. AMENDMENTS TO OTHER LAWS

A. USE OF PUBLIC LAW 480 FOREIGN CURRENCY (SEC. 601(a))

This section makes a technical amendment in section 104 of Public Law 480, which relates to use of foreign currencies, so as to remove a restriction resulting from the interaction of two amendments added to the law last year in regard to use of foreign currencies for health and education.

Subsections (k), (p), and (r) of section 104 of Public Law 480 authorize the use for purposes of health and education, among others, of foreign currencies accruing from the sale of surplus agricultural commodities under title I of that law. A proviso to subsection (k) makes foreign currencies available for the purposes of that subsection only in such amounts as may be specified in appropriation acts. A similar proviso is applicable to subsection (p), and currencies under subsection (r) are limited to the equivalent of \$2.5 million a year.

The uses contemplated by these subsections embrace both uses for the benefit of the United States (e.g., collection and translation of scientific and technological information) and uses for the benefit of the foreign country (e.g., support of educational development). This latter category of uses is also embraced under subsections (e) and (g) which make foreign currency available, without appropriation requirement, for purposes of economic development. However, a final proviso to section 104 forbids allocation of foreign currencies "under any provision of this Act after June 30, 1960, for the purposes specified in subsections (k), (p), and (r)" except as specified in appropriation acts. The effect of this last proviso is to make it impossible to use foreign currencies for purposes of economic development through health and education under subsections (e) and (g) except as the currencies may be appropriated. Since none of the other uses under subsections (e) and (g) are thus restricted, the proviso curtails rather drastically the work that can be carried on in these two fields which are basic to economic development.

The amendment made by the bill would repeal the pertinent part of the proviso in question so that foreign currencies could be used for health and education programs related to economic development without appropriation, but could not be used for such programs which primarily benefit the United States or are unrelated to economic development. This is consistent with the Budget Bureau report to the Senate Committee on Appropriations on "Control Over the Use of Foreign Currencies," which distinguishes between "U.S. use" and "country use" currency with respect to application of appropriation controls.

B. GRANTS OF COMMODITIES FOR ECONOMIC DEVELOPMENT (SEC. 601(b))

Title II of Public Law 480, the Agricultural Trade Development and Assistance Act, deals with famine relief and other assistance. In its present form it authorizes grant assistance to friendly peoples to meet famine or other "urgent or extraordinary relief requirements." The amendment to this title made by section 601(b) of the bill would add the purpose of promoting economic development in underdeveloped areas as one of the aims for which grant assistance could be furnished.

The amendment would make it possible to furnish surplus agricultural commodities, on a grant basis, for purposes of economic development in underdeveloped countries where famine or other emergency situations do not exist. It is contemplated that this authority would be mainly used in Africa and South Asia. The new authority would make it possible for example, for commodities to be furnished on a grant basis to a country which has a bad unemployment problem and which could use the commodities to pay wages, in kind, to people working on road maintenance or construction or on other public works. The same result can be accomplished in many cases, rather more awkwardly, under authority now existing in title I of Public Law 480, under which surplus commodities can be sold for foreign currency which in turn can be lent or granted back to a country for similar uses. Under the procedure which the amendment will authorize, the United States can avoid the problems attendant upon large accumulations of foreign currencies. It will also have the effect of enabling Public Law 480 to be used, to some extent, to supplement funds for defense support and special assistance, but it cannot, of course, be used as a substitute for dollar programs.

It should be borne in mind in this connection, however, that this new authority will be subject to the overall limitation of \$300 million a year on the value of commodities which can be furnished under title II of Public Law 480. Furthermore, the overall authority of this title expires December 31, 1961.

C. FREIGHT CHARGES TO LANDLOCKED COUNTRIES (SEC. 601(C))

This subsection amends section 203 of Public Law 480 to authorize payment of overland freight charges on relief shipments to landlocked countries.

This amendment corresponds to that made in section 409 of the Mutual Security Act by section 204(i) of this bill (see above).

D. REPEAL OF INTERNATIONAL HEALTH FUNDS (SEC. 602)

This section repeals section 501(b) of the Mutual Security Act of 1959, which makes available \$2 million from the contingency fund for international health work.

A prohibition against use of these funds for this purpose is contained in the appropriation act. The repeal leaves undisturbed the statement of policy in section 501(a) of the act of 1959 that the United States should—

accelerate its efforts to encourage and support international cooperation in programs directed toward the conquest of diseases and other health deficiencies.

Under other authority in the act—specifically that for defense support, technical cooperation, and special assistance, as well as the Development Loan Fund—there is ample provision to carry on work of this kind.

E. FOOD AND AGRICULTURE ORGANIZATION (SEC. 603)

This section repeals the absolute limitation of \$3 million on U.S. annual contributions to the United Nations Food and Agriculture Organization, but leaves intact the relative limitation of 33.33 percent.

Under the present law, which contains both an absolute and a relative ceiling, the United States cannot meet its obligations to FAO if that organization's budget rises above \$9 million a year. There is every prospect that such a rise will take place at the next FAO meeting in the autumn of 1961. If the United States is to participate actively and effectively in the budgetary planning which will go on prior to that meeting, it seems wise to act now to remove the dollar ceiling on the U.S. contribution.

The FAO's budget, like that of most other specialized organizations of the United Nations, has grown gradually over the years. In part this has been a reflection of a larger program and an expanded workload. In part it has been a reflection of higher costs generally.

In any event, it seems to the committee unwise to hobble U.S. participation in FAO—and to attempt to hobble the organization itself—by a ceiling on U.S. budgetary contributions expressed in both absolute and percentage terms. The limitation of 33.33 percent is quite sufficient to protect the U.S. interest and to insure that future growth in FAO's budget is thoroughly considered and shared by all members.

F. SOUTH PACIFIC COMMISSION (SEC. 604)

This section increases from \$75,000 to \$100,000 a year the limitation on U.S. contributions to the South Pacific Commission.

The members of this Commission, besides the United States, are Australia, France, the Netherlands, New Zealand, and the United Kingdom. The purpose of the Commission is—

to encourage and strengthen international cooperation in promoting the economic and social welfare and advancement of the non-self-governing territories in the South Pacific.

The Commission has its headquarters at Noumea, New Caledonia, and carries on work in the fields of health, education, fisheries, and agriculture in the 17 dependent territories of the South Pacific, including American Samoa, Guam, and the Trust Territory of the Pacific Islands. Its budget presently amounts to \$560,000 a year, of which the United States now contributes 12.5 percent.

The increase in the limitation on U.S. contributions would enable an enlargement of the Commission's work. In view of the very modest scope of the Commission's activities to date, the committee believes that such an enlargement can be justified.

G. ASSISTANCE FOR FOREIGN STUDENTS (SEC. 605)

This section amends the U.S. Information and Educational Exchange (Smith-Mundt) Act so as to authorize limited grants to colleges and universities to help them with programs of counseling and orientation for foreign students. The schools concerned will have to match the Federal grants with their own funds. No school

can receive more than \$100 per foreign student, and the total for the country can not exceed \$1 million per year.

This amendment is designed to meet a situation which was brought to the committee's attention by officials of the University of Pennsylvania after consultation with other universities with enrollments of more than 300 foreign students. With the exception of one or two extraordinarily well endowed institutions, all of these universities are having great difficulty in providing adequate counseling, orientation, and other extracurricular services for those of their foreign students who are not under Government sponsorship. These comprise the bulk of the foreign students. Of the 50,000 foreign students in the United States, at least 40 percent are here entirely on their own resources. Five percent are on U.S. Government grants, an equal number on foreign government grants, and the balance on a combination of private or government grants combined with their own resources.

Adequate services of the type envisaged in this amendment are already available for government-sponsored students and for those in institutions with relatively small foreign student enrollments. The problem arises in large institutions in metropolitan areas with large numbers of foreign students. Because of the difficulty of adjusting to life in this kind of an environment, many of these students are receiving an unfavorable impression of the United States, though most of them are quite satisfied with their academic training.

Under the provisions of the bill, a university with a problem in this area would prepare a specific program for dealing with it and submit the program to the Department of State which, if it found the program satisfactory, would then be authorized to match the university's funds up to a maximum of \$100 per student per year. It is anticipated that few universities would receive more than \$25,000 or \$30,000 a year in this fashion, but it is thought that these relatively small sums might well mean the difference between doing a good job and a poor job for the foreign student. It should also be emphasized that no part of these funds is to be paid to the student; they are all to be paid to the university for programs to help the student.

#### 15. STUDY OF FOREIGN ECONOMIC ACTIVITIES (SEC. 606)

This section requires that the President—

have a study made of the functions of, and the degree of coordination among, agencies engaged in foreign economic activities, including the Department of State, the International Cooperation Administration, the Development Loan Fund, the Export-Import Bank, and the Department of Agriculture, with a view to simplifying and rationalizing the formulation and implementation of United States foreign economic policies.

The findings and recommendations resulting from this study are to be included in the President's presentation to Congress of the fiscal 1962 mutual security program.

Although interdepartmental coordination of foreign economic activities has improved somewhat in recent years, the agencies involved and the activities themselves are so disparate as to pose a continuing

problem. It is well for a fresh study of this problem to be made at intervals.

Moreover, the fiscal 1962 mutual security program will be presented to Congress by a new President. It will probably be helpful for him, whoever he may be, to have available the results of a study such as is proposed here.

Among the aspects of the problem of greatest concern to the committee are how to insure that the process of coordination does not become so painstaking as to lead to paralysis, and how to insure that it results in a policy which adequately reflects the overall national interest rather than a collection of parochial interests.

#### CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

#### MUTUAL SECURITY ACT OF 1954, AS AMENDED

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SEC. 103. AUTHORIZATIONS.—(a) There is hereby authorized to be appropriated to the President for use beginning in the fiscal year 1960 to carry out the purposes of this chapter not to exceed \$1,400,000,000, which shall remain available until expended. Programs of military assistance subsequent to the fiscal year 1960 program shall be budgeted so as to come into competition for financial support with other activities and programs of the Department of Defense. There is hereby authorized to be appropriated to the President for the fiscal years 1961 and 1962 such sums as may be necessary from time to time to carry out the purposes of this chapter, which sums shall remain available until expended.

(b) Funds made available pursuant to subsection (a) of this section shall be available for the administrative and operating expenses of carrying out the purpose of this chapter including expenses incident to United States participation in international security organizations.

(c) When appropriations made pursuant to subsection (a) of this section are used to furnish military assistance on terms of repayment within ten years or earlier such assistance may be furnished, notwithstanding sections 105, 141, and 142, to nations eligible to purchase military equipment, materials, and services under section 106. When appropriations made pursuant to this section are used to furnish military assistance on terms of repayment within three years or earlier, dollar repayments, including dollar proceeds derived from the sale of foreign currency received hereunder to any United States Government agency or program, may be credited to the current applicable appropriation and shall be available until expended for the purposes of military assistance on terms of repayment, and, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law relating to the use of foreign currencies or other receipts accruing to the United States, repayments in foreign currency may be used for the purposes of this chapter: *Provided*, That the

authority in this sentence shall apply to repayments from not to exceed \$175,000,000 of the appropriations used for such assistance.

(d) *The value of programs of equipment and materials for American Republics, pursuant to any authority contained in this chapter other than section 106, in any fiscal year beginning with the fiscal year 1961, shall not exceed \$55,000,000. For the purposes of this subsection, the value of nonexcess equipment and materials shall be as defined in section 545(h) of this Act, and the value of excess equipment and materials (as excess is defined in section 545(h) of this Act) shall mean the acquisition cost to the Armed Forces of the United States of such equipment and materials.*

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SEC. 105. CONDITIONS APPLICABLE TO MILITARY ASSISTANCE.—(a) Military assistance may be furnished under this chapter to any nation whose increased ability to defend itself the President shall have determined to be important to the security of the United States and which is otherwise eligible to receive such assistance. Equipment and materials furnished under this chapter shall be made available solely to maintain the internal security and legitimate self-defense of the recipient nation, or to permit it to participate in the defense of its area or in collective security arrangements and measures consistent with the Charter of the United Nations. The President shall be satisfied that such equipment and materials will not be used to undertake any act of aggression against any nation.

(b) In addition to the authority and limitations contained in the preceding subsection, the following provisions shall apply to particular areas:

(1) The Congress welcomes the recent progress in European cooperation and reaffirms its belief in the necessity of further efforts toward political federation, military integration, and economic unification as a means of building strength, establishing security, and preserving peace in the North Atlantic area. In order to provide further encouragement to such efforts, the Congress believes it essential that this Act should be so administered as to support concrete measures to promote greater political federation, military integration, and economic unification in Europe, including coordinated production and procurement programs participated in by the members of the North Atlantic Treaty Organization to the greatest extent possible with respect to military equipment and materials to be utilized for the defense of the North Atlantic area.

(2) Military assistance furnished to any nation in the Near East and Africa to permit it to participate in the defense of its area shall be furnished only in accordance with plans and arrangements which shall have been found by the President to require the recipient nation to take an important part therein.

(3) In furnishing military assistance in Asia, the President shall give the fullest assistance, as far as possible directly, to the free peoples in that area, including the Associated States of Cambodia, Laos, and Vietnam, in their creation of a joint organization, consistent with the Charter of the United Nations, to establish a program of self-help and mutual cooperation designed to develop their economic and social well-being, to safeguard

basic rights and liberties, and to protect their security and independence.

(4) Military equipment and materials may be furnished to the other American Republics only in furtherance of missions directly relating to the common defense of the Western Hemisphere which are found by the President to be important to the security of the United States. The President annually shall review such findings and shall determine whether military assistance is necessary. Internal security requirements shall not, unless the President determines otherwise, be the basis for military assistance programs to American Republics. [The aggregate amount of funds which may be obligated or reserved during the fiscal year 1960 for furnishing military assistance to American Republics shall not exceed the aggregate amount of funds obligated or reserved for such purpose during the fiscal year 1959.]

(5) To the extent feasible and consistent with the other purposes of this chapter, administrators of the military assistance program shall encourage the use of foreign military forces in underdeveloped countries in the construction of public works and other activities helpful to economic development.

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SEC. 131. GENERAL AUTHORITY.—(a) The President is hereby authorized to furnish, to nations and organizations eligible to receive military assistance under Chapter I, or to nations which have joined with the United States in a regional collective defense arrangement, commodities, services, and financial and other assistance specifically designed to sustain and increase military effort. In furnishing such assistance, the President may provide for the procurement and transfer from any source of any commodity or service (including processing, storing, transporting, marine insurance, and repairing) or any technical information and assistance.

There is hereby authorized to be appropriated to the President for use beginning in the fiscal year [1960] 1961 to carry out the purposes of this section not to exceed [\$751,000,000] \$700,000,000, which shall remain available until expended.

(c) In providing assistance in the procurement of commodities in the United States, United States dollars shall be made available for marine insurance on such commodities where such insurance is placed on a competitive basis in accordance with normal trade practice prevailing prior to the outbreak of World War II: *Provided*, That in the event a participating country, by statute, decree, rule, or regulation, discriminates against any marine insurance company authorized to do business in any State of the United States, then commodities purchased with funds provided hereunder and destined for such country shall be insured in the United States against marine risk with a company or companies authorized to do a marine insurance business in any State of the United States.

(d) To the extent necessary to accomplish the purposes of this section in Korea (1) assistance may be furnished under this section without regard to the other provisions of this title or chapter I and (2) the authority provided in section 307 may be exercised in furnishing assistance under subsection (a) of this section; and funds available under this section may be used for payment of ocean freight charges

on shipments for relief and rehabilitation in Korea without regard to section 409 of this Act.

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SEC. 141. CONDITIONS OF ELIGIBILITY FOR ASSISTANCE.—No assistance shall be furnished under this title or chapter I to any nation or organization unless the President shall have found that furnishing such assistance will strengthen the security of the United States and promote world peace. ~~【No such assistance】~~ *No defense support or military equipment and materials* shall be furnished to a nation unless it shall have agreed to the provisions required by section 142, and such additional provisions as the President deems necessary to effectuate the policies and provisions of this title or chapter I and to safeguard the interests of the United States.

SEC. 142. AGREEMENTS. (a) ~~【No assistance】~~ *No defense support or military equipment and materials* shall be furnished to any nation under chapter I or under this title unless such nation shall have agreed to—

- (1) join in promoting international understanding and good will, and maintaining world peace;
  - (2) take such action as may be mutually agreed upon to eliminate causes of international tension;
  - (3) fulfill the military obligations, if any, which it has assumed under multilateral or bilateral agreement or treaties to which the United States is a party;
  - (4) make, consistent with its political and economic stability, the full contribution permitted by its manpower, resources, facilities, and general economic condition to the development and maintenance of its own defensive strength and the defensive strength of the free world;
  - (5) take all reasonable measures which may be needed to develop its defense capacities;
  - (6) take appropriate steps to insure the effective utilization of the assistance furnished under this title in furtherance of the policies and purposes of chapter I or of this title;
  - (7) impose appropriate restrictions against transfer of title to or possession of any equipment and materials, information, or services furnished under chapter I without the consent of the President;
  - (8) maintain the security of any article, service, or information furnished under chapter I;
  - (9) furnish equipment and materials, services, or other assistance consistent with the Charter of the United Nations, to the United States or to and among other nations to further the policies and purposes of chapter I;
  - (10) permit continuous observation and review by United States representatives of programs of assistance authorized under chapter I or under this title, including the utilization of any such assistance and provide the United States with full and complete information with respect to these matters, as the President may require.
- (b) In cases where any commodity is to be furnished on a grant basis under this title under arrangements which will result in the accrual of proceeds to the recipient nation from the import or sale



thereof, such assistance shall not be furnished unless the recipient nation shall have agreed to establish a Special Account, and—

(i) deposit in the Special Account, under such terms and conditions as may be agreed upon, currency of the recipient nation in amounts equal to such proceeds;

(ii) make available to the United States such portion of the Special Account as may be determined by the President to be necessary for the requirements of the United States: *Provided*, That such portion shall not be less than 10 per centum in the case of any country to which such minimum requirement has been applicable under any Act repealed by this Act; and

(iii) utilize the remainder of the Special Account for programs agreed to by the United States to carry out the purposes for which new funds authorized by this Act would themselves be available: *Provided*, That if amounts in such remainder exceed the requirements of such programs, the recipient nation may utilize such excess amounts for other purposes agreed to by the United States which are consistent with the foreign policy of the United States: *Provided further*, That such utilization of such excess amounts in all Special Accounts shall not exceed the equivalent of \$4,000,000: *Provided further*, That whenever funds from such Special Account are used by a country to make loans, all funds received in repayment of such loans prior to termination of assistance to such country shall be reused only for such purposes as shall have been agreed to between the country and the Government of the United States.

Any unencumbered balances of funds which remain in the Account upon termination of assistance to such nation under this Act shall be disposed of for such purposes as may, subject to approval by the Act or joint resolution of the Congress, be agreed to between such country and the Government of the United States.

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#### TITLE II—DEVELOPMENT LOAN FUND

SEC. 201. DECLARATION OF PURPOSE.—The Congress of the United States recognizes that the progress of free peoples in their efforts to further their economic development, and thus to strengthen their freedom, is important to the security and general welfare of the United States. The Congress further recognizes the necessity in some cases of assistance to such peoples if they are to succeed in these efforts. The Congress accordingly reaffirms that it is the policy of the United States, and declares it to be the purpose of this title, to strengthen friendly foreign countries by encouraging the development of their economies through a competitive free enterprise system; to minimize or eliminate barriers to the flow of private investment capital and international trade; to facilitate the creation of a climate favorable to the investment of private capital; and to assist, on a basis of self-help and mutual cooperation, the efforts of free peoples to develop their economic resources and free economic institutions and to increase their productive capabilities in agriculture as well as in industry. *The Congress recognizes that the accomplishment of the purposes of this title in rapidly developing countries requires the development of free economic institutions and the stimulation of private investment, local as well as*

*foreign, in the field of housing. It is the sense of the Congress that, consistent with the other purposes of this title, special consideration should be given to loans and guarantees to stimulate activities in this field.*

SEC. 202. GENERAL AUTHORITY.—(a) To carry out the purposes of this title, there is hereby created as an agency of the United States of America, subject to the direction and supervision of the President, a body corporate to be known as the "Development Loan Fund" (hereinafter referred to in this title as the "Fund") which shall have succession in its corporate name. The Fund shall have its principal office in the District of Columbia and shall be deemed for purposes of venue in civil actions, to be a resident thereof. It may establish offices in such other place or places as it may deem necessary or appropriate.

(b) The Fund is hereby authorized to make loans, credits, or guaranties, or to engage in other financing operations or transactions (not to include grants or direct purchases of equity securities), to or with such nations, organizations, persons or other entities, and on such terms and conditions, as it may determine, taking into account (1) whether financing could be obtained in whole or in part from other free world sources on reasonable terms, (2) the economic and technical soundness of the activity to be financed, (3) whether the activity gives reasonable promise of contributing to the development of economic resources or free economic institutions or to the increase of productive capacities in furtherance of the purposes of this title, and (4) the possible adverse effects upon the economy of the United States, with special reference to areas of substantial labor surplus, of the activity and the financing operation or transaction involved. Loans shall be made by the Fund only on the basis of firm commitments by the borrowers to make repayment and upon a finding that there are reasonable prospects of such repayment. The Fund in its operations shall recognize that development loan assistance will be most effective in those countries which show a responsiveness to the vital long-term economic, political, and social concerns of their people, demonstrate a clear willingness to take effective self-help measures, and effectively demonstrate that such assistance is consistent with, and makes a contribution to, workable long-term economic development objectives. The Fund shall be administered so as to support and encourage private investment and other private participation furthering the purposes of this title, and it shall be administered so as not to compete with private investment capital, the Export-Import Bank or the International Bank for Reconstruction and Development. The provisions of section 955 of title 18 of the United States Code shall not apply to prevent any person, including any individual, partnership, corporation, or association, from acting for or participating with the Fund in any operation or transaction, or from acquiring any obligation issued in connection with any operation or transaction, engaged in by the Fund. The authority of section 451(a) of this Act may not be used to waive the requirements of this title or of the Mutual Defense Assistance Control Act of 1951 with respect to this title, nor may the authority of section 501 of this Act be used to increase or decrease the funds available under this title. No guaranties of equity investment against normal business-type risks shall be made available under this subsection nor shall the fractional reserve maintained by the Development Loan Fund for any guaranty made pursuant to this section be less in any case than 50 per centum of

the contractual liability of the Development Loan Fund under such guaranty, and the total contractual liability of the Development Loan Fund under all of such guaranties shall not, at any one time, exceed \$100,000,000. The President's semi-annual reports to the Congress on operations under this Act, as provided for in section 534 of this Act, shall include detailed information on the implementation of this title.

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SEC. 205. MANAGEMENT, POWERS, AND AUTHORITIES.—(a) The management of the Fund shall be vested in a Board of Directors (hereinafter referred to in this title as the "Board") consisting of the [Under Secretary of State for Economic Affairs] *Secretary of State*, who shall be Chairman, the Director of the International Cooperation Administration, the Chairman of the Board of Directors of the Export-Import Bank, the Managing Director of the Fund, and the United States Executive Director on the International Bank for Reconstruction and Development. The Board shall carry out its functions subject to the foreign policy guidance of the Secretary of State. The Board shall act by a majority vote participated in by a quorum; and three members of the Board shall constitute a quorum. Subject to the foregoing sentence, vacancies in the membership of the Board shall not affect its power to act. The Board shall meet for organization purposes when and where called by the Chairman. The Board may, in addition to taking any other necessary or appropriate actions in connection with the management of the Fund, adopt, amend, and repeal bylaws governing the conduct of its business and the performance of the authorities, powers, and functions of the Fund and its officers and employees. The members of the Board shall receive no compensation for their services on the Board but may be paid actual travel expenses and per diem in lieu of subsistence under the Standardized Government Travel Regulations in connection with travel or absence from their homes or regular places of business for purposes of business of the Fund.

(b) There shall be a Managing Director of the Fund who shall be the chief executive officer of the Fund, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, and whose compensation shall be at a rate of \$20,000 a year. There shall also be a Deputy Managing Director of the Fund, whose compensation shall be at a rate not in excess of \$19,000 a year, and four other officers of the Fund, whose titles shall be determined by the Board and whose compensation shall be at a rate not in excess of \$18,000 per year. Appointment to the offices provided for in the preceding sentence shall be by the Board. The Managing Director, in his capacity as chief executive officer of the Fund, the Deputy Managing Director and the other officers of the Fund shall perform such functions as the Board may designate and shall be subject to the supervision and direction of the Board. During the absence or disability of the Managing Director or in the event of a vacancy in the office of Managing Director, the Deputy Managing Director shall act as Managing Director, or, if the Deputy Managing Director is also absent or disabled or the office of Deputy Managing Director is vacant, such other officer as the Board may designate shall act as

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Managing Director. The offices provided for in this subsection shall be in addition to positions otherwise authorized by law.

(c) The Fund, in addition to other powers and authorities vested in or delegated or assigned to the Fund or its officers or the Board, may: enter into, perform, and modify contracts, leases, agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, with any foreign government or foreign government agency, or with any person, partnership, association, corporation, organization, or other entity, public or private, singly or in combination; accept and use gifts or donations of services, funds, or property (real, personal or mixed, tangible or intangible); contract for the services of attorneys; determine the character of and necessity for obligations and expenditures of the Fund, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to Government corporations; acquire and dispose of, upon such terms and conditions and for such consideration as the Fund shall determine to be reasonable, through purchase, exchange, discount, rediscount, public or private sale, negotiation, assignment, exercise of option or conversion rights, or otherwise, for cash or credit, with or without endorsement or guaranty, any property, real, personal, mixed, tangible or intangible, including, but not limited to, mortgages, bonds, debentures (including convertible debentures), liens, pledges, and other collateral or security, contracts, claims, currencies, notes, drafts, checks, bills of exchange, acceptances including bankers' acceptances, cable transfers and all other evidences of indebtedness or ownership (provided that equity securities may not be directly purchased although such securities may be acquired by other means such as by exercise of conversion rights or through enforcement of liens, pledges or otherwise to satisfy a previously incurred indebtedness), and guarantee payment against any instrument above specified; issue letters of credit and letters of commitment; collect or compromise any obligations assigned to or held by, and any legal or equitable rights accruing to, the Fund, and, as the Fund may determine, refer any such obligations or rights to the Attorney General for suit or collection; adopt, alter and use a corporate seal which shall be judicially noticed; require bonds for the faithful performance of the duties of its officers, attorneys, agents, and employees and pay the premiums thereon; sue and be sued in its corporate name (provided that no attachment, injunction, garnishment, or similar process, mesne or final, shall be issued against the Fund or any officer thereof, including the Board or any member thereof, in his official capacity or against property or funds owned or held by the Fund or any such officer in his official capacity); exercise, in the payment of debts out of bankrupt, insolvent or decedent's estates, the priority of the Government of the United States; purchase one passenger motor vehicle for use in the [continental] United States and replace such vehicle from time to time as necessary; use the United States mails in the same manner and under the same conditions as the executive departments of the Federal Government; and otherwise take any and all actions determined by the Fund to be necessary or desirable in making, carrying out, servicing, compromising, liquidating, or otherwise dealing with or realizing on any transaction or operation, or in carrying out any function. Nothing herein shall be construed to exempt the

Fund or its operations from the application of section 507(b) and 2679 of title 28, United States Code or of section 367 of the Revised Statutes (5 U.S.C. 316), or to authorize the Fund to borrow any funds from any source without the express legislative permission of the Congress.

(d) The Fund shall contribute, from the respective appropriation or fund used for payment of salaries, pay or compensation, to the civil service retirement and disability fund, a sum as provided by section 4(a) of the Civil Service Retirement Act, as amended (5 U.S.C. 2254a), except that such sum shall be determined by applying to the total basic salaries (as defined in that Act) paid to the employees of the Fund covered by that Act, the per centum rate determined annually by the Civil Service Commission to be the excess of the total normal cost per centum rate of the civil service retirement system over the employee deduction rate specified in said section 4(a). The Fund shall also contribute at least quarterly from such appropriation or fund, to the employees' compensation fund, the amount determined by the Secretary of Labor to be the full cost of benefits and other payments made from such fund on account of injuries and deaths of its employees which may hereafter occur. The Fund shall also pay into the Treasury as miscellaneous receipts that portion of the cost of administration of the respective funds attributable to its employees, as determined by the Civil Service Commission and the Secretary of Labor.

(e) The assets of the Development Loan Fund on the date of enactment of the Mutual Security Act of 1958 shall be transferred as of such date to the body corporate created by section 202(a) of this Act. In addition, records, personnel, and property of the International Cooperation Administration may, as agreed by the Managing Director and the Director of the International Cooperation Administration or as determined by the President, be transferred to the Fund. Obligations and liabilities incurred against, and rights established or acquired for the benefit of or with respect to, the Development Loan Fund during the period between August 14, 1957, and the date of enactment of the Mutual Security Act of 1958 are hereby transferred to, and accepted and assumed by, the body corporate created by section 202(a) of this Act. A person serving as Manager of the Development Loan Fund as of the date of enactment of the Mutual Security Act of 1958 shall not, by reason of the enactment of that Act, require reappointment in order to serve in the office of Managing Director provided for in section 205(b) of this Act.

SEC. 206. NATIONAL ADVISORY COUNCIL.—The Fund shall be administered subject to the applicable provisions of section 4 of the Bretton Woods Agreements Act (22 U.S.C. 286b) with respect to the functions of the National Advisory Council on International Monetary and Financial Problems.

SEC. 207. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—*It is the sense of the Congress that in order to stimulate private homeownership, encourage the development of free financial institutions, and assist in the development of a stable economy, the authority conferred by this title should be utilized for the purpose of assisting in the development in the American Republics of self-liquidating pilot housing projects designed to provide experience in countries at various stages of economic development by participating with such countries in (1) providing capital for the establishment of, or for assistance in the establishment of, savings*

*and loan type institutions in such countries; and (2) guaranteeing private United States capital available for investment in Latin American countries for the purposes set forth herein.*

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SEC. 304. AUTHORIZATION.—There is hereby authorized to be appropriated to the President to remain available until expended not to exceed ~~["\$179,500,000"]~~ \$172,000,000 for use beginning in the fiscal year ~~[1960]~~ 1961 to carry out the purposes of this title.

SEC. 305. LIMITATION ON USE OF FUNDS.—Funds made available under section 304 may be expended to furnish assistance in the form of equipment or commodities only where necessary for instruction or demonstration purposes.

SEC. 306. MULTILATERAL TECHNICAL COOPERATION AND RELATED PROGRAMS.—As one means of accomplishing the purposes of this title and this Act, the United States is authorized to participate in multilateral technical cooperation and related programs carried on by the United Nations, the Organization of American States, their related organizations, and other international organizations, wherever practicable. There is hereby authorized to be appropriated to carry out the purpose of this section, in addition to the amounts authorized by section 304, not to exceed—

(a) ~~["\$30,000,000"]~~ \$33,000,000 for the fiscal year ~~[1960]~~ 1961 for contributions to the United Nations Expanded Program of Technical Assistance and such related fund as may hereafter be established: *Provided, That, notwithstanding the limitation of 33.33 per centum contained in the Mutual Security Appropriation Act, 1957, the United States contribution for such purpose may constitute for the calendar year 1958 as much as but not to exceed 45 per centum of the total amount contributed for such purpose and for succeeding calendar years not to exceed 40 per centum of the total amount contributed for such purpose (including assessed and audited local costs) for each such year.*

(b) \$1,500,000 for the fiscal year ~~[1960]~~ 1961 for contributions to the technical cooperation program of the Organization of American States.

SEC. 307. ADVANCES AND GRANTS; CONTRACTS.—(a) The President may make advances and grants-in-aid of technical cooperation programs to any person, corporation, or other body of persons or to any foreign government agency. The President may make and perform contracts and agreements in respect to technical cooperation programs on behalf of the United States Government with any person, corporation, or other body of persons however designated, whether within or without the United States, or with any foreign government or foreign government agency. A contract or agreement which entails commitments for the expenditure of funds appropriated pursuant to this title may, subject to any future action of the Congress, extend at any time for not more than three years.

(b) *The President shall arrange for a nongovernmental research group, university, or foundation to study the advisability and practicability of a program, to be known as the Point Four Youth Corps, under which young United States citizens would be trained and serve abroad in programs of technical cooperation. Not to exceed \$10,000 from funds made available*

*pursuant to section 304 of this Act may be used to help defray the expenses of such a study.*

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#### TITLE IV—SPECIAL ASSISTANCE AND OTHER PROGRAMS

SEC. 400. SPECIAL ASSISTANCE.—(a) There is hereby authorized to be appropriated to the President for the fiscal year ~~1960~~ 1961 not to exceed ~~[\$247,500,000]~~ \$260,000,000 for use on such terms and conditions as he may specify for assistance designed to maintain or promote political or economic stability.

(b) For the purpose of promoting economic development in Latin America there is hereby authorized to be appropriated to the President not to exceed \$25,000,000, which shall remain available until expended, and in the utilization of such sum preference shall be given to (A) projects or programs that will clearly contribute to promoting health, education, and sanitation in the area as a whole or among a group or groups of countries of the area, (B) joint health, education, and sanitation assistance programs undertaken by members of the Organization of American States, and (C) such land resettlement programs as will contribute to the resettlement of foreign and native migrants in the area as a whole, or in any country of the area, for the purpose of advancing economic development and agricultural and industrial productivity: *Provided*, That assistance under this sentence shall emphasize loans rather than grants wherever possible, and not less than 90 per centum of the funds made available for assistance under this subsection shall be available only for furnishing assistance on terms of repayment in accordance with the provisions of section 505.

(c) The President is authorized to use not to exceed \$20,000,000 of funds appropriated pursuant to subsection (a) of this section for assistance, on such terms and conditions as he may specify, to schools and libraries abroad, founded or sponsored by citizens of the United States, and serving as study and demonstration centers for ideas and practices of the United States, notwithstanding any other Act authorizing assistance of this kind. Further, in addition to the authority contained in this subsection, it is the sense of Congress that the President should make a special and particular effort to utilize foreign currencies accruing under title I of the Agricultural Trade Development and Assistance Act of 1954, as amended, and notwithstanding the provisions of Public Law 213, Eighty-second Congress, the President is authorized to utilize foreign currencies accruing to the United States under this or any other Act, for the purposes of this subsection and for hospitals abroad designed to serve as centers for medical treatment, education and research, founded or sponsored by citizens of the United States.

SEC. 401. UNITED NATIONS EMERGENCY FORCE.—The Congress of the United States, recognizing the important contribution of the United Nations Emergency Force to international peace and security, declares it to be the policy of the United States and the purpose of this section to support the United Nations Emergency Force. The President is hereby authorized to use during the fiscal year ~~1960~~ 1961 funds made available pursuant to section 400(a) of this Act for contributions on a voluntary basis to the budget of the United Nations Emergency Force.

SEC. 402. EARMARKING OF FUNDS.—Of the funds authorized to be made available in the fiscal year **[1960]** 1961 pursuant to this Act, (other than funds made available pursuant to title II), not less than \$175,000,000 shall be used to finance the export and sale for foreign currencies or the grant of surplus agricultural commodities or products thereof produced in the United States, in addition to surplus agricultural commodities or products transferred pursuant to the Agricultural Trade Development and Assistance Act of 1954, and in accordance with the standards as to pricing and the use of private trade channels expressed in section 101 of said Act. Foreign currency proceeds accruing from such sales shall be used for the purposes of this Act and with particular emphasis on the purposes of section 104 of the Agricultural Trade Development and Assistance Act of 1954 which are in harmony with the purposes of this Act. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use for such purposes the foreign currencies which accrue to the United States under this section. Surplus food commodities or products thereof made available for transfer under this Act (or any other Act) as a grant or as a sale for foreign currencies may also be made available to the maximum extent practicable to eligible domestic recipients pursuant to section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), or to needy persons within the United States pursuant to clause (2) of section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612c). Section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431), is amended by inserting "whether in private stocks or" after "commodities" the first time that word appears.

SEC. 403. RESPONSIBILITIES IN GERMANY.—The President is hereby authorized to use during the fiscal year **[1960]** 1961 not to exceed **[\$7,500,000]** \$6,750,000 of the funds made available pursuant to section 400(a) of this Act in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin. In carrying out this section, the President may also use currency which has been or may be deposited in the GARIOA (Government and Relief in Occupied Areas) Special Account, including that part of the German currency now or hereafter deposited under the bilateral agreement of December 15, 1949, between the United States and the Federal Republic of Germany (or any supplementary or succeeding agreement) which, upon approval by the President, shall be deposited in the GARIOA Special Account under the terms of article V of that agreement. The President may use the funds available for the purposes of this section on such terms and conditions as he may specify, and without regard to any provision of law which he determines must be disregarded.

SEC. 404. INDUS BASIN DEVELOPMENT.—The Congress of the United States welcomes the progress made through the good offices of the International Bank for Reconstruction and Development toward the development of the Indus Basin through a program of cooperation among south Asian and other nations of the free world in order to promote economic growth and political stability in south Asia, and affirms the willingness of the United States, pursuant to authorities contained in this and other Acts, to participate in this significant undertaking. In the event that funds appropriated pursuant to this Act are made available to be used by or



*under the supervision of the International Bank for Reconstruction and Development in furtherance of the foregoing purposes, such funds may be used in accordance with requirements, standards, or procedures established by the Bank concerning completion of plans and cost estimates and determination of feasibility, rather than with requirements, standards, or procedures concerning such matters set forth in this or other Acts; and such funds may also be used without regard to the provisions of section 901(b) of the Merchant Marine Act of 1936, as amended (46 U.S.C. 1241), whenever the President determines that such provisions cannot be fully satisfied without seriously impeding or preventing accomplishment of such purposes.*

SEC. 405. MIGRANTS, REFUGEES, AND ESCAPEES.—(a) The President is hereby authorized to continue membership for the United States on the Intergovernmental Committee for European Migration in accordance with its constitution approved in Venice, Italy, on October 19, 1953. For the purpose of assisting in the movement of migrants, there is hereby authorized to be appropriated such amounts as may be necessary from time to time for the payment by the United States of its contributions to the Committee and all necessary salaries and expenses incident to United States participation in the Committee.

(b) Of the funds made available under this Act, not more than \$800,000 may be used by the President to facilitate the migration to the other American Republics of persons resident in that portion of the Ryukyu Island Archipelago under United States control.

(c) There is hereby authorized to be appropriated for the fiscal year [1960] 1961 not to exceed \$1,100,000 for contributions to the program of the United Nations High Commissioner for Refugees for assistance to refugees under his mandate.

(d) There is hereby authorized to be appropriated to the President for the fiscal year [1960] 1961 not to exceed [\$5,200,000] \$3,500,000 for continuation of activities, including care, training, and resettlement, which have been undertaken for selected escapees under section 451 of this Act.

SEC. 406. CHILDREN'S WELFARE.—There is hereby authorized to be appropriated not to exceed \$12,000,000 for the fiscal year [1960] 1961 for contributions to the United Nations Children's Fund.

SEC. 407. PALESTINE REFUGEES IN THE NEAR EAST.—There is hereby authorized to be appropriated to the President for the fiscal year [1960] 1961 not to exceed [\$25,000,000] \$22,000,000 to be used to make contributions to the United Nations Relief and Works Agency for Palestine Refugees in the Near East [; Provided, That of the funds appropriated pursuant to this section 10 per centum shall be available only for repatriation or resettlement of such refugees]. *After January 1, 1961, United States contributions shall not be used for programs of relief which heretofore have been administered on the basis of ration cards except for refugees whose need and eligibility for relief have been certified after July 1, 1960. The provisions of section 548, which relate to the availability of unexpended balances, shall not be applicable to unobligated balances of any funds heretofore or hereafter appropriated pursuant to this section. The President shall include in his recommendations to the Congress for fiscal year 1962 programs under this Act specific recommendations with respect to a program for the progressive repatriation and resettlement of refugees and for reducing United States contributions to the United Nations Relief and Works Agency for Palestine*

*Refugees in the Near East.* In determining whether or not to continue furnishing assistance for Palestine refugees in the Near East, the President shall take into account whether Israel and the Arab host governments are taking steps toward the resettlement and repatriation of such refugees. Whenever the President shall determine that it would more effectively contribute to the relief, rehabilitation, and resettlement of Palestine refugees in the Near East, he may expend any part of the funds made available pursuant to this section through any other agency he may designate.

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SEC. 409. OCEAN FREIGHT CHARGES.—(a) In order to further the efficient use of United States voluntary contributions for relief and rehabilitation in nations and areas eligible for assistance under this Act, the President may pay ocean freight charges from United States ports to designated ports of entry of such nations and areas, *or, in the case of such nations and areas which are landlocked, transportation charges from the United States ports to designated points of entry in such nations and areas*, on shipments by United States voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid and shipments by the American Red Cross.

(b) Where practicable the President shall make arrangements with the receiving nation for free entry of such shipments and for the making available by that nation of local currencies for the purpose of defraying the transportation cost of such shipments from the port of entry of the receiving nation to the designated shipping point of the consignee.

(c) There is hereby authorized to be appropriated to the President for the fiscal year **[1960]** 1961 not to exceed **[\$2,300,000]** \$2,000,000 to carry out the purposes of this section.

(d) In addition, any funds made available under this Act may be used, in amounts determined by the President, to pay ocean freight charges on shipments of surplus agricultural commodities, including commodities made available pursuant to any Act for the disposal abroad of United States agricultural surpluses.

SEC. 411. ADMINISTRATIVE AND OTHER EXPENSES.—(a) Whenever possible, the expenses of administration of this Act shall be paid for in the currency of the nation where the expense is incurred.

(b) There is hereby authorized to be appropriated to the President for the fiscal year **[1960]** 1961 not to exceed **[\$39,500,000]** \$40,000,000 for necessary administrative expenses incident to carrying out the provisions of this Act (other than chapter I and title II of chapter II) and functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following) performed by any agency or officer administering non-military assistance.

(c) There are authorized to be appropriated **[to]** for expenses of the Department of State such amounts as may be necessary from time to time for administrative expense which are incurred for functions of the Department under this Act or for normal functions of the Department which relate to functions under this Act, and for expenses of carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611): *Provided, That*, in addition, funds made

available for carrying out chapter I of this Act shall be available for carrying out the objectives of the Mutual Defense Assistance Control Act of 1951 in such amounts as the President may direct.

(d) Funds made available for the purposes of this Act may be used for compensation, allowances, and travel of personnel, including Foreign Service personnel whose services are utilized primarily for the purposes of this Act, and without regard to the provisions of any other law, for printing and binding, and for expenditures outside [the continental limits of] the United States for the procurement of supplies and services and for other administrative and operating purposes (other than compensation of personnel) without regard to such laws and regulations governing the obligations and expenditure of Government funds as may be necessary to accomplish the purposes of this Act.

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SEC. 419. ATOMS FOR PEACE.—(a) The President is hereby authorized to furnish from funds made available pursuant to this section, in addition to other funds available for such purposes, and on such terms and conditions as he may specify, assistance designed to promote the peaceful uses of atomic energy abroad. There is hereby authorized to be appropriated to the President for the fiscal year [1960] 1961 not to exceed [\$6,500,000] \$3,400,000 to carry out the purposes of this section.

(b) The United States share of the cost of any research reactor made available to another government under this section shall not exceed \$350,000.

(c) In carrying out the purposes of this section, the appropriate United States departments and agencies shall give full and continuous publicity through the press, radio, and all other available mediums, so as to inform the peoples of the participating countries regarding the assistance, including its purpose, source, and character, furnished by the United States. Such portions of any research reactor furnished under this section as may be appropriately die-stamped or labeled as a product of the United States shall be so stamped or labeled.

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### CHAPTER III—CONTINGENCY FUND

SEC. 451. PRESIDENT'S SPECIAL AUTHORITY AND CONTINGENCY FUND.—(a) Of the funds made available for use under this Act, not to exceed \$150,000,000, in addition to the funds authorized for use under this subsection by subsection (b) of this section, may be used in any fiscal year, without regard to the requirements of this Act or any other Act for which funds are authorized by this Act or any Act appropriating funds for use under this Act, in furtherance of any of the purposes of such Acts, when the President determines that such use is important to the security of the United States. Not to exceed \$100,000,000 of the funds available under this subsection may be expended for any selected persons who are residing in or escapees from the Soviet Union, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, Lithuania, Latvia, and Estonia or the Communist-dominated or Communist-occupied areas of Germany, or any Communist-dominated or Communist-occupied areas of Asia and any other countries absorbed by the Soviet Union, either to form such persons

into elements of the military forces supporting the North Atlantic Treaty Organization or for other purposes, when the President determines that such assistance will contribute to the defense of the North Atlantic area or to the security of the United States. Certification by the President that he has expended amounts under this Act, not in excess of \$50,000,000, and that it is inadvisable to specify the nature of such expenditures, shall be deemed a sufficient voucher for such amounts. Not more than \$30,000,000 of the funds available under this subsection may be allocated to any one nation in any fiscal year.

(b) There is hereby authorized to be appropriated to the President for the fiscal year ~~1960~~ 1961 not to exceed ~~[\$155,000,000]~~ \$175,000,000 for assistance authorized by this Act, other than by title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance. \$100,000,000 of the funds authorized to be appropriated pursuant to this subsection for any fiscal year may be used in such year in accordance with the provisions of subsection (a) of this section.

(c) It is the purpose of this Act to advance the cause of freedom. The Congress joins with the President of the United States in proclaiming the hope that the peoples who have been subjected to the captivity of Communist despotism shall again enjoy the right of self-determination within a framework which will sustain the peace; that they shall again have the right to choose the form of government under which they will live, and that sovereign rights of self-government shall be restored to them all in accordance with the pledge of the Atlantic Charter. Funds available under subsection (a) of this section may be used for programs of information, relief, exchange of persons, education, and resettlement, to encourage the hopes and aspirations of peoples who have been enslaved by communism.

#### CHAPTER IV—GENERAL AND ADMINISTRATIVE PROVISIONS

SEC. 501. TRANSFERABILITY OF FUNDS.—Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available pursuant to any provision of this Act may be transferred to and consolidated with the funds made available pursuant to any other provisions of this Act, and may be used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount made available for such provision pursuant to this Act.

SEC. 502. USE OF FOREIGN CURRENCY.—(a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, proceeds of sales made under section 550 of the Mutual Security Act of 1951, as amended, shall remain available and shall be used for any purposes of this Act, giving particular regard to the following purposes—

- (1) for providing military assistance to nations or mutual defense organizations eligible to receive assistance under this Act;
- (2) for purchase of goods or services in friendly nations;
- (3) for loans, under applicable provisions of this Act, to increase production of goods or services, including strategic materials, needed in any nation with which an agreement was

negotiated, or in other friendly nations, with the authority to use currencies received in repayment for the purposes stated in this section or for deposit to the general account of the Treasury of the United States;

- (4) for developing new markets on a mutually beneficial basis;
- (5) for grants-in-aid to increase production for domestic needs in friendly countries; and
- (6) for purchasing materials for United States stockpiles.

(b) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, local currencies owned by the United States shall be made available to appropriate committees of the Congress engaged in carrying out their duties under section 136 of the Legislative Reorganization Act of 1946, as amended, and to the Joint Committee on Atomic Energy and the Joint Economic Committee and the Select Committees on Small Business of the Senate and House of Representatives for their local currency expenses: *Provided*, That each member or employee of any such committee shall make, to the chairman of such committee in accordance with regulations prescribed by such committee, an itemized report showing the amounts and dollar equivalent values of each such foreign currency expended, together with the purposes of the expenditure, including lodging, meals, transportation, and other purposes. Within the first sixty days that Congress is in session in each calendar year, the chairman of each such committee shall consolidate the reports of each member and employee of the committee and forward said consolidated report showing the total itemized expenditures of the committee and each subcommittee thereof during the preceding calendar year, to the Committee on House Administration of the House of Representatives (if the committee be a committee of the House of Representatives or a joint committee whose funds are disbursed by the Clerk of the House) or to the Committee on Appropriations of the Senate (if the committee be a Senate committee or a joint committee whose funds are disbursed by the Secretary of the Senate). Each such report submitted by each committee shall be published in the Congressional Record within ten legislative days after receipt by the Committee on House Administration of the House or the Committee on Appropriations of the Senate.

(c) *Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, if the President finds that participation by the United States in an internationally financed program to preserve the great cultural monuments of the Upper Nile would promote the foreign policy of the United States he may, subject to the approval of the Congress, use or enter into agreements with friendly nations or organizations of nations to use, for this purpose, foreign currencies owned by the United States which have been generated under this Act or under the Agricultural Trade Development and Assistance Act of 1954, as amended, in the countries in which the program is to be carried out, but the value of foreign currencies so used shall not exceed an amount equal to 33½ per centum of the total cost of such program.*

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SEC. 504. SMALL BUSINESS.—(a) Insofar as practicable and to the maximum extent consistent with the accomplishment of the purposes of this Act, the President shall assist American small business to

participate equitably in the furnishing of commodities and services financed with funds authorized under chapter II of this Act—

(1) by causing to be made available to suppliers in the United States and particularly to small independent enterprises, information, as far in advance as possible, with respect to purchases proposed to be financed with such funds.

(2) by causing to be made available to prospective purchasers in the nations receiving assistance under this Act information as to commodities and services produced by small independent enterprises in the United States, and

(3) by providing for additional services to give small business better opportunities to participate in the furnishing of commodities and services financed with such funds.

(b) There shall be an Office of Small Business, headed by a Special Assistant for Small Business, in such United States Government Agency as the President may direct, to assist in carrying out the provisions of subsection (a) of this section.

(c) The Secretary of Defense shall assure that there is made available to suppliers in the United States, and particularly to small independent enterprises, information with respect to purchases made by the Department of Defense pursuant to chapter I, such information to be furnished as far in advance as possible.

[(d) Of the funds appropriated pursuant to section 451(b) of this Act, the President is authorized to utilize not to exceed \$2,500,000 for the fiscal year 1960 to make available to foreign small business concerns in underdeveloped countries, or to foreign government organizations established for the purpose of helping such concerns in underdeveloped countries, on such terms and conditions as he may determine, machine tools, industrial equipment, and other equipment owned by agencies of the United States Government.]

SEC. 505. LOAN ASSISTANCE AND SALES.—(a) Except as otherwise specifically provided in this Act, assistance under this Act may be furnished on a grant basis or on such terms, including cash, credit, or other terms of repayment (including repayment in foreign currencies or by transfer to the United States of materials required for stockpiling or other purposes) as may be determined to be best suited to the achievement of the purposes of this Act and shall emphasize loans rather than grants wherever possible. *Commodities, equipment, and materials transferred to the United States as repayment may be used for assistance authorized by this Act, other than title II of chapter II, in accordance with the provisions of this Act applicable to the furnishing of such assistance.* Whenever commodities, equipment, materials, or services are sold for foreign currencies the President, notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, may use or enter into arrangements with friendly nations or organizations of nations to use such currencies for the purposes for which the funds providing the commodities, equipment, materials, or services which generated the currencies were appropriated.

(b) Funds for the purpose of furnishing assistance on terms of repayment may be allocated to the Export-Import Bank of Washington, which may, notwithstanding the provisions of the Export-Import Bank Act of 1945 (59 Stat. 526), as amended, make and administer the credit on such terms. Credits made by the Export-

Import Bank of Washington with funds so allocated to it shall not be considered in determining whether the Bank has outstanding at any one time loans and guaranties to the extent of the limitation imposed by section 7 of the Export-Import Bank Act of 1945 (59 Stat. 529), as amended. United States dollars received in repayment of principal and payment of interest on any loan made under this section shall be deposited in miscellaneous receipts of the Treasury. Foreign currencies received in repayment of principal and payment of interest on any such loan which are in excess of the requirements as determined from time to time by the Secretary of State for purposes authorized in section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 App. U.S.C. 1641(b)), may be sold by the Secretary of the Treasury to United States Government agencies for payment of their obligations abroad and the United States dollars received as reimbursement shall also be deposited into miscellaneous receipts of the Treasury. Foreign currencies so received which are in excess of the requirements of the United States in the payment of its obligations abroad, as such requirements may be determined from time to time by the President, shall be credited to and be available for the authorized purposes of the Development Loan Fund in such amounts as may be specified from time to time in appropriation Acts. Amounts received in repayment of principal and interest on any credits made under paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into miscellaneous receipts of the Treasury, except that, to the extent required for such purpose, amounts received in repayment of principal and interest on any credits made out of funds realized from the sale of notes heretofore authorized to be issued for the purpose of financing assistance on a credit basis under paragraph 111(c)(2) of the Economic Cooperation Act of 1948, as amended, shall be deposited into the Treasury for the purpose of the retirement of such notes.

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SEC. 513. NOTICE TO LEGISLATIVE COMMITTEES.—When any transfer is made under section 501, or any other action is taken under this Act which will result in furnishing assistance of a kind, for a purpose, or to an area, substantially different from that included in the presentation to the Congress during its consideration of this Act or Acts appropriating funds pursuant to authorizations contained in this Act or which will result in expenditures greater by 50 per centum or more than the proposed expenditures included in such presentation for the program concerned, the President or such officer as he may designate shall promptly notify the Committee on Foreign Relations and, when military assistance is involved, the Committee on Armed Services of the Senate, and the Speaker of the House of Representatives, stating the justification for such changes. Notice shall also be given to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives of any determination under the first sentence of section 451 (except with respect to unvouchered funds) and under the last clause of the second sentence of section 404, and copies of any certification as to loyalty under section 531 shall be filed with them.

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SEC. 523. COORDINATION WITH FOREIGN POLICY.—(a) Nothing contained in this Act shall be construed to infringe upon the powers or functions of the Secretary of State.

(b) The President shall prescribe appropriate procedures to assure coordination among representatives of the United States Government in each country, under the leadership of the Chief of the United States Diplomatic Mission. The Chief of the Diplomatic Mission shall make sure that recommendations of such representatives pertaining to military assistance are coordinated with political and economic considerations, and his comments shall accompany such recommendations if he so desires.

(c) Under the direction of the President, the Secretary of State shall be responsible for the continuous supervision and general direction of the assistance programs authorized by this Act, including but not limited to determining whether there shall be a military assistance program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.

(d) *Whenever the Chief of the United States diplomatic mission in a country determines that the achievement of United States foreign policy objectives there requires it, he may issue regulations of uniform applicability to all officers and employees of the United States Government and of contractors with the United States Government governing the extent to which their pay and allowances received in that country shall be paid in local currency. Notwithstanding any other law, United States Government agencies are authorized and directed to comply with such regulations.*

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SEC. 527. EMPLOYMENT OF PERSONNEL.—(a) Any United States Government agency performing functions under this Act is authorized to employ such personnel as the President deems necessary to carry out the provisions and purposes of this Act.

(b) Of the personnel employed in the United States on programs authorized by this Act, not to exceed **[seventy]** *seventy-six* may be compensated without regard to the provisions of the Classification Act of 1949, as amended, of whom not to exceed **[forty-five]** *fifty-one* may be compensated at rates higher than those provided for grade 15 of the general schedule established by the Classification Act of 1949, as amended, and of these, not to exceed fifteen may be compensated at a rate in excess of the highest rate provided for grades of such general schedule but not in excess of \$19,000 per annum. Such positions shall be in addition to those authorized by law to be filled by Presidential appointment, and in addition to the number authorized by section 505 of the Classification Act of 1949, as amended. One of the offices established by section 1(d) of Reorganization Plan Numbered 7 of 1953 may, notwithstanding the provisions of any other law, be compensated at a rate not in excess of \$20,000 per annum.

(c) For the purpose of performing functions under this Act outside **[the continental limits of]** the United States, the **[Director]** *President* may—

(1) employ or assign persons, or authorize the employment or assignment of officers or employees of other United States Government agencies, who shall receive compensation at any of the rates provided for the Foreign Service Reserve and Staff by



the Foreign Service Act of 1946, as amended (22 U.S.C. 801), together with allowances and benefits established thereunder including, in all cases, post differentials prescribed under section 443 of the Foreign Service Act; and persons so employed or assigned shall be entitled, except to the extent that the President may specify otherwise in cases in which the period of the employment or assignment exceeds thirty months, to the same benefits as are provided in section 528 of the Foreign Service Act for persons appointed to the Foreign Service Reserve and, except for policymaking officials, the provisions of section 1005 of the Foreign Service Act shall apply in the case of such persons; and

(2) utilize such authority, including authority to appoint and assign personnel for the duration of operations under this Act, contained in the Foreign Service Act of 1946, as amended (22 U.S.C. 801), as the President deems necessary to carry out functions under this Act. Such provisions of the Foreign Service Act as the President deems appropriate shall apply to personnel appointed or assigned under this paragraph, including, in all cases, the provisions of sections 443 and 528 of that Act: *Provided, however, That the President may by regulation make exceptions to the application of section 528 in cases in which the period of the appointment or assignment exceeds thirty months: Provided further, That Foreign Service Reserve Officers appointed or assigned pursuant to this paragraph shall receive in-class promotions in accordance with such regulations as the President may prescribe.*

(d) For the purpose of performing functions under this Act outside [the continental limits of] the United States, the Secretary of State may [at the request of the Director,] appoint for the duration of operations under this Act alien clerks and employees in accordance with applicable provisions of the Foreign Service Act of 1946, as amended (22 U.S.C. 801).

(e) Notwithstanding the provisions of title 10, United States Code, section 712, or any other law containing similar authority, officers and employees of the United States performing functions under this Act shall not accept from any foreign nation any compensation or other benefits. Arrangements may be made by the President with such nations for reimbursement to the United States or other sharing of the cost of performing such functions.

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SEC. 530. EXPERTS AND CONSULTANTS OF ORGANIZATIONS THEREOF.—(a) Experts and consultants or organizations thereof, as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), may be employed by any United States Government agency for the performance of functions under this Act, and individuals so employed may be compensated at rates not in excess of \$75 per diem, and while away from their homes or regular places of business, they may be paid actual travel expenses and per diem in lieu of subsistence and other expenses at a rate not to exceed \$10 or at the applicable rate prescribed in the Standardized Government Travel Regulations, as amended from time to time, whichever is higher, while so employed within [the continental limits of] the United States and at the applicable rate prescribed in the Standardized Government Travel Regulations (Foreign Areas) while so employed outside [the conti-

mental limits of] the United States: *Provided*, That contracts for such employment with such organizations may be renewed annually.

(b) Persons of outstanding experience and ability may be employed without compensation by any United States Government agency for the performance of functions under this Act in accordance with the provisions of section 710(b) of the Defense Production Act of 1950, as amended (50 U.S.C. App. 2160), and regulations issued thereunder.

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SEC. 534. REPORTS.—(a) The President, from time to time while funds appropriated for the purpose of this Act continue to be available for obligation, shall transmit to the Congress reports covering each [six months] *fiscal year* of operations, in furtherance of the purposes of this Act, except information the disclosure of which he deems incompatible with the security of the United States. Reports provided for under this section shall be transmitted to the Secretary of the Senate or the Clerk of the House of Representatives, as the case may be, if the Senate or the House of Representatives, as the case may be, is not in session. Such reports shall include detailed information on the implementation of sections 504, 202, 400, 416, 413(b), and 418 of this Act.

(b) All documents, papers, communications, audits, reviews, findings, recommendations, reports, and other material which relate to the operation or activities of the International Cooperation Administration shall be furnished to the General Accounting Office and to any committee of the Congress, or any duly authorized subcommittee thereof, charged with considering legislation or appropriation for, or expenditures of, such Administration, upon request of the General Accounting Office or such committee or subcommittee as the case may be.

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SEC. 537. PROVISIONS ON USES OF FUNDS.—(a) Appropriations for the purposes of this Act (except for chapter I), allocations to any United States Government agency, from other appropriations, for functions directly related to the purposes of this Act, and funds made available for other purposes to any agency administering nonmilitary assistance, shall be available for—

(1) rents in the District of Columbia;

(2) expenses of attendance at meetings concerned with the purposes of such appropriations, including (notwithstanding the provisions of section 9 of the Act of March 4, 1909 (31 U.S.C. 673)) expenses in connection with meetings of persons whose employment is authorized by section 530 of this Act;

(3) [employment of aliens, by contract, for services abroad] *contracting with individuals for personal services abroad: Provided, That such individuals shall not be regarded as employees of the United States for the purpose of any law administered by the Civil Service Commission;*

(4) purchases, maintenance, operation, and hire of aircraft: *Provided*, That aircraft for administrative purposes may be purchased only as specifically provided for in an appropriation or other Act;

(5) purchase and hire of passenger motor vehicles: *Provided*, That except as may otherwise be provided in an appropriation

or other Act, passenger motor vehicles abroad for administrative purposes may be purchased for replacement only and such vehicles may be exchanged or sold and replaced by an equal number of such vehicles and the cost, including exchange allowance, of each such replacement shall not exceed \$3,500 in the case of an automobile for the chief of any special mission or staff abroad established under section 526 of this Act: *Provided further*, That passenger motor vehicles may be purchased for use in the [continental] United States only as may be specifically provided in an appropriation or other Act;

(6) entertainment within the United States (not to exceed \$15,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act);

(7) exchange of funds without regard to section 3651 of the Revised Statutes (31 U.S.C. 543), and loss by exchange;

(8) expenditures (not to exceed \$50,000 in any fiscal year except as may otherwise be provided in an appropriation or other Act) of a confidential character other than entertainment: *Provided*, That a certificate of the amount of each such expenditure, the nature of which it is considered inadvisable to specify, shall be made by an officer administering nonmilitary assistance, or such person as he may designate, and every such certificate shall be deemed a sufficient voucher for the amount therein specified;

(9) insurance of official motor vehicles in foreign countries;

(10) rental or lease outside [the continental limits of] the United States of offices, buildings, grounds, and living quarters to house personnel; maintenance, furnishings, necessary repairs, improvements, and alterations to properties owned or rented by the United States Government abroad; and costs of fuel, water and utilities for such properties;

(11) actual expenses of preparing and transporting to their former homes in the United States or elsewhere, and of care and disposition of, the remains of persons or member of the families of persons who may die while such persons are away from their homes participating in activities carried out with funds covered by this subsection (a);

(12) purchase of uniforms;

(13) payment of per diem in lieu of subsistence to foreign participants engaged in any program of furnishing technical information and assistance, while such participants are away from their homes in countries other than the [continental] United States, at rates not in excess of those prescribed by the Standardized Government Travel Regulations, notwithstanding any other provision of law;

(14) expenses authorized by the Foreign Service Act of 1946, as amended (22 U.S.C. 801 and the following), not otherwise provided for;

(15) ice and drinking water for use abroad;

(16) services of commissioned officers of the Public Health Service and of the Coast and Geodetic Survey, and for the purposes of providing such services the Public Health Service may appoint not to exceed twenty officers in the regular corps to grades above that of senior assistant, but not above that of director, as otherwise authorized in accordance with section 711

of the Act of July 1, 1944, as amended (42 U.S.C. 211a), and the Coast and Geodetic Survey may appoint for such purposes not to exceed twenty commissioned officers in addition to those otherwise authorized.

(17) expenses in connection with travel of personnel outside the [continental] United States, including travel expenses of dependents (including expenses during necessary stopovers while engaged in such travel) and transportation of personal effects, household goods, and automobiles of such personnel when any part of such travel or transportation begins in one fiscal year pursuant to travel orders issued in that fiscal year, notwithstanding the fact that such travel or transportation may not be completed during that same fiscal year, and cost of transporting to and from a place of storage, and the cost of storing, the furniture and household and personal effects of any employee (i) for not to exceed three months after first arrived at a new post, (ii) when an employee is assigned to a post to which he cannot take, or at which he is unable to use, his furniture and household and personal effects, (iii) when such storage would avoid the cost of transporting such furniture and effects from one location to another, (iv) when he is temporarily absent from his post under orders, or (v) when through no fault of the employee, storage costs are incurred on such furniture and effects (including automobiles) in connection with authorized travel, under such regulations as an officer administering nonmilitary assistance, or such person as he may designate, may prescribe;

(18) payment of unusual expenses incident to the operation and maintenance of official residences for chiefs of special missions or staffs serving in accordance with section 526 of this Act.

(b) United States Government agencies are authorized to pay the costs of health and accident insurance for foreign participants in any exchange-of-persons program or any program of furnishing technical information and assistance administered by any such agency while such participants are en route or absent from their homes for purposes of participation in any such program.

(c) Notwithstanding the provisions of section 406(a) of Public Law 85-241, not to exceed \$27,750,000, of the funds available for assistance in Korea under this Act may be used by the President to construct or otherwise acquire essential living quarters, office space, and supporting facilities in Korea for use by personnel carrying out activities under this Act, and not to exceed ~~[\$2,750,000]~~ \$4,250,000 of funds made available for assistance in other countries under this Act may be used (in addition to funds available for such use under other authorities in this Act) for construction or acquisition of such facilities for such purposes elsewhere.

(d) Funds made available under section 400(a) may be used for expenses (other than those provided for under section 411(b) of this Act) to assist in carrying out functions under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1691 and the following), delegated or assigned to any agency or officer administering nonmilitary assistance.

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AGRICULTURAL TRADE DEVELOPMENT AND ASSISTANCE  
ACT OF 1954, AS AMENDED

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TITLE I—SALES FOR FOREIGN CURRENCY

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SEC. 104. Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, or any other provision of law, the President may use or enter into agreements with friendly nations or organizations of nations to use the foreign currencies which accrue under this title for one or more of the following purposes:

(a) To help develop new markets for United States agricultural commodities on a mutually benefiting basis. From sale proceeds and loan repayments under this title not less than the equivalent of 5 per centum of the total sales made under this title after the date of this amendment shall be made available in advance for use as provided by this subsection over such period of years as the Secretary of Agriculture determines will most effectively carry out the purpose of this subsection: *Provided*, That no such funds shall be allocated under this subsection after June 30, 1960, except as may be specified, from time to time, in appropriation acts. Particular regard shall be given to provide in sale and loan agreements for the convertibility of such amount of the proceeds thereof as may be needed to carry out the purpose of this subsection in those countries which are or offer reasonable potential of becoming dollar markets for United States agricultural commodities. Notwithstanding any other provision of law, if sufficient foreign currencies for carrying out the purpose of this subsection in such countries are not otherwise available, agreements may be entered into with such countries for the sale of surplus agricultural commodities in such amounts as the Secretary of Agriculture determines to be adequate and for the use of the proceeds to carry out the purpose of this subsection;

(b) To purchase or contract to purchase, in such amounts as may be specified from time to time in appropriation Acts, strategic or other materials for a supplemental United States stockpile of such materials as the President may determine from time to time. Such strategic or other materials acquired under this subsection shall be placed in the above-named supplemental stockpile and shall be released therefrom only under the provisions of section 3 of the Strategic and Critical Materials Stock Piling Act;

(c) To procure military equipment, materials, facilities, and services for the common defense;

(d) For financing the purchase of goods or services for other friendly countries;

(e) For promoting balanced economic development and trade among nations, for which purposes not more than 25 per centum of the currencies received pursuant to each such agreement shall be available through and under the procedures established by the Export-Import Bank for loans mutually agreeable to said bank and the country with which the agreement is made to United States business firms and branches, subsidiaries, or affiliates of such firms for business development and trade expansion in such countries and for loans to domestic

or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, United States agricultural products: *Provided, however,* That no such loans shall be made for the manufacture of any products to be exported to the United States in competition with products produced in the United States or for the manufacture or production of any commodity to be marketed in competition with United States agricultural commodities or the products thereof. Foreign currencies may be accepted in repayment of such loans.

(f) To pay United States obligations abroad;

(g) For loans to promote multilateral trade and economic development, made through established banking facilities of the friendly nation from which the foreign currency was obtained or in any other manner which the President may deem to be appropriate. Strategic materials, services, or foreign currencies may be accepted in payment of such loans;

(h) For the financing of international educational exchange activities under the programs authorized by section 32(b)(2) of the Surplus Property Act of 1944, as amended (50 U.S.C. App. 1641(b)) and for the financing in such amounts as may be specified from time to time in appropriation acts of programs for the interchange of persons under title II of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1446). In the allocation of funds as among the various purposes set forth in this section, a special effort shall be made to provide for the purposes of this subsection, including a particular effort with regard to: (1) countries where adequate funds are not available from other sources for such purposes, and (2) countries where agreements can be negotiated to establish a fund with the interest and principal available over a period of years for such purposes, such special and particular effort to include the setting aside of such amounts from sale proceeds and loan repayments under this title, not in excess of \$1,000,000 a year in any one country for a period of not more than five years in advance, as may be determined by the Secretary of State to be required for the purposes of this subsection.

(i) For financing the translation, publication, and distribution of books and periodicals, including Government publications, abroad: *Provided,* That not more than \$5,000,000 may be allocated for this purpose during any fiscal year.

(j) For providing assistance to activities and projects authorized by section 203 of the United States Information and Educational Exchange Act of 1948, as amended (22 U.S.C. 1448), but no foreign currencies which are available under the terms of any agreement for appropriation for the general use of the United States shall be used for the purposes of this subsection (j) without appropriation therefor.

(k) To collect, collate, translate, abstract, and disseminate scientific and technological information and to conduct research and support scientific activities overseas including programs and projects of scientific cooperation between the United States and other countries such as coordinated research against diseases common to all of mankind or unique to individual regions of the globe, and to promote and support programs of medical and scientific research, cultural and educational development, health, nutrition, and sanitation: *Provided,* That foreign currencies shall be available for the purposes of this

subsection (in addition to funds otherwise made available for such purposes) only in such amounts as may be specified from time to time in appropriation Acts;

(l) For the acquisition by purchase, lease, rental or otherwise, of sites and buildings and grounds abroad, for United States Government use including offices, residence, quarters, community and other facilities, and for construction, repair, alteration and furnishing of such buildings and facilities: *Provided*, That foreign currencies shall be available for the purposes of this subsection (in addition to funds otherwise made available for such purposes) in such amounts as may be specified from time to time in appropriation Acts;

(m) For financing in such amounts as may be specified from time to time in appropriation Acts (A) trade fair participation and related activities authorized by section 3 of the International Cultural Exchange and Trade Fair Participation Act of 1956 (22 U.S.C. 1992), and (B) agricultural and horticultural fair participation and related activities;

(n) For financing under the direction of the Librarian of Congress, in consultation with the National Science Foundation and other interested agencies, in such amounts as may be specified from time to time in appropriation Acts, (1) programs outside the United States for the analysis and evaluation of foreign books, periodicals, and other materials to determine whether they would provide information of technical or scientific significance in the United States and whether such books, periodicals, and other materials are of cultural or educational significance; (2) the registry, indexing, binding, reproduction, cataloging, abstracting, translating, and dissemination of books, periodicals, and related materials determined to have such significance; and (3) the acquisition of such books, periodicals, and other materials and the deposit thereof in libraries and research centers in the United States specializing in the areas to which they relate;

(o) For providing assistance, in such amounts as may be specified from time to time in appropriation Acts, by grants or otherwise, in the expansion or operation in foreign countries of established schools, colleges, or universities founded or sponsored by citizens of the United States, for the purpose of enabling such educational institutions to carry on programs of vocational, professional, scientific, technological, or general education;

(p) For supporting workshops in American studies or American educational techniques, and supporting chairs in American studies;

(q) For assistance to meet emergency or extraordinary relief requirements other than requirements for surplus food commodities: *Provided*, That not more than a total amount equivalent to \$5,000,000 may be made available for this purpose during any fiscal year;

(r) For financing the preparation, distribution, and exhibiting of audiovisual informational and educational materials, including Government materials, abroad: *Provided*, That not more than a total amount equivalent to \$2,500,000 may be made available for this purpose during any fiscal year, but nothing in this subsection shall limit or affect the use of foreign currencies to finance the preparation, distribution, or exhibition of such materials in connection with trade fairs and other market development activities under subsection (a): *Provided, however*, That section 1415 of the Supplemental Appropriation Act, 1953 shall apply to all foreign currencies used for grants

under subsections (d) and (e) and for payment of United States obligations involving grants under subsection (f) and to not less than 10 per centum of the foreign currencies which accrue under this title: *Provided, however,* That the President is authorized to waive such applicability of section 1415 in any case where he determines that it would be inappropriate or inconsistent with the purposes of this title: *Provided, however,* That no foreign currencies shall be available for the purpose of subsection (p), except in such amounts as may be specified from time to time in appropriation Acts; and no foreign currencies shall be allocated under any provision of this Act after June 30, 1960, for the purposes specified in subsections (k), (p), and (r), except in such amounts as may be specified from time to time in appropriation Acts.]

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## TITLE II—FAMINE RELIEF AND OTHER ASSISTANCE

SEC. 201. In order to enable the President to furnish emergency assistance on behalf of the people of the United States to friendly peoples in meeting famine or other urgent or extraordinary relief requirements, the Commodity Credit Corporation shall make available to the President out of its stocks such surplus agricultural commodities (as defined in section 106 of title I) as he may request, for transfer (1) to any nation friendly to the United States in order to meet famine or other urgent or extraordinary relief requirements of such nation, and (2) to friendly but needy populations without regard to the friendliness of their government.

SEC. 202. [The] *In order to facilitate the utilization of surplus agricultural commodities in meeting the requirements of needy peoples, and in order to promote economic development in underdeveloped areas in addition to that which can be accomplished under title I of this Act, the President may authorize the transfer on a grant basis of surplus agricultural commodities from Commodity Credit Corporation stocks to assist programs undertaken with friendly governments or through voluntary relief agencies: Provided, That the President shall take reasonable precaution that such transfers will not displace or interfere with sales which might otherwise be made.*

SEC. 203. Not more than \$300,000,000 (including the Corporation's investment in such commodities, plus any amount by which transfers made in the preceding calendar year have called or will call for appropriations to reimburse the Commodity Credit Corporation in amounts less than could have been expended during such preceding year under this title as in effect during such preceding year) shall be expended in any calendar year during the period January 1, 1960, and ending December 31, 1961, for all such transfers and for other costs authorized by this title. The President may make such transfers through such agencies including intergovernmental organizations, in such manner, and upon such terms and conditions as he deems appropriate; he shall make use of the facilities of voluntary relief agencies to the extent practicable. Such transfers may include delivery f.o.b. vessels in United States ports and, upon a determination by the President that it is necessary to accomplish the purposes of this title or of section 416 of the Agricultural Act of 1949, as amended, ocean freight charges from United States ports to designated ports of entry abroad.



, or, in the case of landlocked countries, transportation from United States ports to designated points of entry abroad, may be paid from funds available to carry out this title on commodities transferred pursuant hereto or donated under said section 416. Funds required for ocean freight costs authorized under this title may be transferred by the Commodity Credit Corporation to such other Federal agency as may be designated by the President.

SEC. 204. No programs of assistance shall be undertaken under the authority of this title after December 31, 1961.

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**TITLE V OF THE MUTUAL SECURITY ACT OF 1959**

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**CHAPTER V—INTERNATIONAL COOPERATION IN HEALTH; COLOMBO PLAN COUNCIL FOR TECHNICAL COOPERATION**

**INTERNATIONAL COOPERATION IN HEALTH**

SEC. 501. (a) The Congress of the United States recognizes that large areas of the world are being ravaged by diseases and other health deficiencies which are causing widespread suffering, debility, and death, and are seriously deterring the efforts of peoples in such areas to develop their resources and productive capacities and to improve their living conditions. The Congress also recognizes that international efforts are needed to assist such peoples in bringing diseases and other health deficiencies under control, in preventing their spread or reappearance, and in eliminating their basic causes. Accordingly, the Congress affirms that it is the policy of the United States to accelerate its efforts to encourage and support international cooperation in programs directed toward the conquest of diseases and other health deficiencies.

[(b) In order to carry out the purposes of subsection (a) of this section and in order to plan logically for an orderly expansion of United States support to international health activities, the President is authorized to undertake, in cooperation directly with other governments, or indirectly through utilizing the resources and services of the United Nations and the Organization of American States or any of their specialized agencies, programs and projects of research, studies, field surveys, trials, and demonstrations to determine the feasibility of future intensive programs for reduction, control, or eradication of disease problems of international importance. Of the funds appropriated pursuant to section 451(b) of the Mutual Security Act of 1954, as amended, the sum of \$2,000,000 shall be available to carry out the purposes of this section.]

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**PUBLIC LAW 174, 79TH CONGRESS**

**JOINT RESOLUTION** Providing for membership of the United States in the Food and Agriculture Organization of the United Nations.

*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,* That the President is hereby authorized to accept membership for the United States in the Food

and Agriculture Organization of the United Nations (hereinafter referred to as the "Organization") the Constitution of which is set forth in appendix I of the First Report to the Governments of the United Nations by the Interim Commission on Food and Agriculture, dated August 1, 1944.

SEC. 2. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, a sum not exceeding \$625,000 during the first fiscal year of the Organization and such sums [not exceeding \$3,000,000] annually thereafter as may be required for expenditure under the direction of the Secretary of State, for the payment by the United States of its proportionate share in the expenses of the Organization: *Provided*, That the percentage contribution of the United States to the total annual budget of the Organization shall not exceed 33.33 per centum.

SEC. 3. In adopting this joint resolution, it is the sense of the Congress that the Government of the United States should use its best efforts to bring about, as soon as practicable, the integration of the functions and the resources of the International Institute of Agriculture with those of the Organization, in a legal and orderly manner, to effect one united institution in such form as to provide an adequate research, informational, and statistical service for the industry of agriculture.

SEC. 4. Unless Congress by law authorizes such action, neither the President nor any person or agency shall on behalf of the United States accept any amendment under paragraph 1 of article XX of the Constitution of the Organization involving any new obligation for the United States.

SEC. 5. In adopting this joint resolution, the Congress does so with the understanding that paragraph 2 of article XIII does not authorize the Conference of the Organization to so modify the provisions of its Constitution as to involve any new obligation for the United States.

#### PUBLIC LAW 403, 80TH CONGRESS, AS AMENDED

JOINT RESOLUTION Providing for membership and participation by the United States in the South Pacific Commission and authorizing an appropriation therefor.

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SEC. 3. There is hereby authorized to be appropriated to the Department of State, out of any money in the Treasury not otherwise appropriated—

(a) Not more than [\$75,000] \$100,000 annually for the payment by the United States of its proportionate share of the expenses of the Commission and its auxiliary and subsidiary bodies, as set forth in article XIV of the Agreement Establishing the South Pacific Commission;

(b) Such additional sums as may be needed for the payment of all necessary expenses incident to participation by the United States in the activities of the Commission, including salaries of the United States Commissioners, their alternates, and appropriate staff, without regard to the civil-service laws and the Classification Act of 1949, as amended; personal services in the District of Columbia; services as authorized by section 15 of Public Law 600, Seventy-ninth Congress; under such rules and regulations as the Secretary of State may pre-

scribe; allowances for living quarters, including heat, fuel, and light and cost-of-living allowances to persons temporarily stationed abroad; hire of passenger motor vehicles and other local transportation; printing and binding without regard to section 11 of the Act of March 1, 1919 (44 U.S.C. 111); and section 3709 of the Revised Statutes, as amended; and such other expenses as the Secretary of State finds necessary to participation by the United States in the activities of the Commission: *Provided*, That the provisions of section 6 of the Act of July 30, 1946 (Public Law 565, Seventy-ninth Congress), and regulations thereunder, applicable to expenses incurred pursuant to that Act shall be applicable to any expenses incurred pursuant to this paragraph (b).

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**UNITED STATES INFORMATION AND EDUCATIONAL  
EXCHANGE ACT OF 1948, AS AMENDED**

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**TITLE II—INTERCHANGE OF PERSONS, KNOWLEDGE  
AND SKILLS**

**PERSONS**

SEC. 201. (a) The Secretary is authorized to provide for interchanges on a reciprocal basis between the United States and other countries of students, trainees, teachers, guest instructors, professors, and leaders in fields of specialized knowledge or skill and shall wherever possible provide these interchanges by using the services of existing reputable agencies which are successfully engaged in such activity. The Secretary may provide for orientation courses and other appropriate services for such persons from other countries upon their arrival in the United States, and for such persons going to other countries from the United States. When any country fails or refuses to cooperate in such program on a basis of reciprocity the Secretary shall terminate or limit such program, with respect to such country, to the extent he deems to be advisable in the interests of the United States. The persons specified in this section shall be admitted as nonimmigrants under section 101(a)(15) of the Immigration and Nationality Act, for such time and under such conditions as may be prescribed by regulations promulgated by the Secretary of State and the Attorney General. A person admitted under this section who fails to maintain the status under which he was admitted or who fails to depart from the United States at the expiration of the time for which he was admitted, or who engages in activities of a political nature detrimental to the interests of the United States, or in activities not consistent with the security of the United States, shall upon the warrant of the Attorney General, be taken into custody and promptly deported pursuant to sections 241, 242, and 243 of the Immigration and Nationality Act. Deportation proceedings under this section shall be summary and the findings of the Attorney General as to matters of fact shall be conclusive. Such persons shall not be eligible for suspension of deportation under section 244 of the Immigration and Nationality Act.

(b) No person admitted as an exchange visitor under this section or acquiring exchange visitor status after admission shall be eligible to apply for an immigrant visa, or for a nonimmigrant visa under section 101(a)(15)(H) of the Immigration and Nationality Act, or for adjustment of status to that of an alien lawfully admitted for permanent residence, until it is established that such person has resided and been physically present in a cooperating country or countries for an aggregate of at least two years following departure from the United States: *Provided*, That upon request of an interested Government agency and recommendation of the Secretary of State, the Attorney General may waive such two-year period of residence abroad in the case of any alien whose admission to the United States is found by the Attorney General to be in the public interest: *And provided further*, That the provisions of this paragraph shall apply only to those persons acquiring exchange visitor status subsequent to the date of the enactment hereof.

## BOOKS AND MATERIALS

SEC. 202. The Secretary is authorized to provide for interchanges between the United States and other countries of books and periodicals, including government publications, for the translation of such writings, and for the preparation, distribution, and interchange of other educational materials.

## INSTITUTIONS

SEC. 203. The Secretary is authorized to provide for assistance to schools, libraries, and community centers abroad, founded or sponsored by citizens of the United States, and serving as demonstration centers for methods and practices employed in the United States. In assisting any such schools, however, the Secretary shall exercise no control over their educational policies and shall in no case furnish assistance of any character which is not in keeping with the free democratic principles and the established foreign policy of the United States.

## ASSISTANCE TO STUDENTS FROM OTHER COUNTRIES

SEC. 204. (a) *With respect to students from other countries attending colleges or universities in the United States, under the provisions of this Act or under any other government, institution, or individual program which furthers the purposes of this Act, the Secretary is authorized to provide for counseling, orientation, supplementary English language training, and such other assistance as will help them to have a fruitful experience here consistent with the objectives of section 2.*

(b) *Grants which are made to colleges and universities under this section shall be made in the discretion of the Secretary on the basis of specific programs submitted to him.*

(c) *Institutions receiving such grants shall be obliged to contribute an equal amount to such program. No grant to an institution shall exceed \$100 per foreign student enrolled in the institution during the period of the grant. No part of such grant shall be payable to a foreign student. The total amount of such grants shall not exceed \$1,000,000 in any fiscal year.*

